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# The Economist

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# Politics this week

Dec 19th 2006
From The Economist print edition

America, China, Japan, Russia and South Korea resumed talks with **North Korea** in Beijing after a gap of more than a year. The discussions are intended to bring an end to its nuclear-weapons programme—North Korea carried out a nuclear test in October. See article

Reuters

All the senior economic officials in George Bush's cabinet joined Hank Paulson, America's treasury secretary, in Beijing for the first meeting in a new twice-yearly "strategic economic dialogue" with **China**. The two sides haggled inconclusively about trade and exchange rates. See article

The son of a prominent Indian politician was convicted of the murder in 1999 of **Jessica Lal**, a model, at a crowded party. The case had caused outrage when it appeared that, despite the presence of large numbers of witnesses, the murderer would go free. See article

Anton Balasingam, chief negotiator for the Liberation Tigers of Tamil Eelam, the rebels fighting for a Tamil homeland in **Sri Lanka,** died in London. He was seen as a moderate in an otherwise ruthlessly uncompromising leadership.

King Jigme Singye Wangchuk of **Bhutan** abdicated in favour of his son. A revered monarch, he has promised that the country will hold its first democratic elections in 2008.

The peace process in **Nepal** took another step forward with an agreement between mainstream political parties and rebel Maoists on an interim constitution to prepare for elections next year.

## A fingergrip on power

The fragility of the Democrats' hold on the incoming American Senate was thrown into sharp focus when Senator **Tim Johnson**, from South Dakota, suffered a brain haemorrhage. Mr Johnson is said to be recovering after surgery, but if he dies, South Dakota's Republican governor will appoint someone to fill the remainder of his term. A Republican replacement for Mr Johnson would upset the new Democratic majority of one in the chamber.

The **death penalty** in two states was more or less put on hold over concerns that executions by lethal injection had been botched. Florida's governor, Jeb Bush, ordered a halt to executions after a convicted killer took 34 minutes to die and a judge in California ruled that the state's method of administering the injections was cruel and therefore unconstitutional.

Two of the oldest **Episcopalian** parishes in the United States, with roots in the colonial era, voted to break away from the national church to protest against its growing acceptance of gays and the ordination of women. Located in Virginia, the parishes aligned themselves with a conservative Nigerian church. The debate over homosexuality and the role of women in the church threatens to produce a schism in the worldwide Anglican communion. See article

New Jersey's legislature passed a bill recognising **civil unions** between gay couples, which gives same-sex partners the same rights and benefits as married people in the state.

## Democracy's turn

President Mahmoud Abbas called for a general election in the **Palestinian** territories, as violence

between the ruling Islamists of Hamas and Mr Abbas's secular Fatah party increased in the Gaza Strip. See article

Supporters of **Iran's** populist president, Mahmoud Ahmadinejad, did badly in elections to local councils and to the assembly of experts. The assembly can choose Iran's supreme leader, who has more power than the president. See article

A **Libyan** court sentenced five Bulgarian nurses and a Palestinian doctor to death after they were found guilty—on flimsy evidence—of deliberately infecting hundreds of Libyan children with AIDS. See article

**Nigeria's** ruling party picked a reclusive Muslim state governor, Umaru Yar'Adua, as its candidate in next year's presidential election. He was strongly backed by the incumbent president, Olusegun Obasanjo, who is to step down after two terms. See article

Robert Mugabe, who has run **Zimbabwe** since 1980, won his ruling party's backing to postpone the next presidential election from 2008 to 2010.

Some 250 foreign aid workers left the Darfur region of **Sudan** after some of them were shot at and their vehicles stolen at gunpoint. The government in Khartoum continued to refuse to accept a hybrid peacekeeping force from the African Union and the UN.

## Stamping his authority

AFP

As part of a promised offensive on law and order, **Mexico's** new president, Felipe Calderón, deployed 6,000 troops and police against drug gangs in the western state of Michoacán and placed two separate federal police forces under a single command.

Hundreds of thousands of protesters took part in demonstrations in Santa Cruz and other cities of eastern **Bolivia.** They demanded greater autonomy and protested at the plans of Evo Morales, the country's socialist president, to rewrite the constitution.

**Ecuador** withdrew its ambassador from Colombia in disapproval of the decision by Álvaro Uribe's government to resume aerial spraying of coca plantations near the border between the two countries. See article

**Cuba's** government made a concerted effort to deny reports that Fidel Castro, the island's president, was dying of cancer. Officials told visiting American congressmen that Mr Castro would make a public appearance soon.

## Helping with inquiries

AFP

**Tony Blair** became the first British prime minister ever to be questioned by police during a criminal investigation. He was questioned as a witness in an inquiry into alleged cash payments from party donors in return for peerages in the House of Lords. Mr Blair said it was “perfectly natural” that he should assist. See article

Silvio Berlusconi, **Italy's** former prime minister and the current centre-right opposition leader, went to America for health checks. Mr Berlusconi, who is 70, collapsed at a political rally last month.

A Spanish scheduled flight landed at **Gibraltar** airport for the first time. The Iberia flight to the British colony followed a three-way deal between the parties in September.

An ageing **French rock star**, Johnny Hallyday, caused a political stir when he said he would move to Switzerland to escape French taxes. Mr Hallyday claims that 68% of his income goes to the taxman.

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# Business this week

Dec 19th 2006
From The Economist print edition

**Nokia** and **Siemens** put back the planned merger of their telecoms-equipment businesses (agreed on last June) because of a widening investigation into a bribery scandal at Siemens. German authorities are looking into various allegations, including that company money, amounting to possibly *euro*420m ($550m), was siphoned into secret accounts to sweeten potential customers.

**Apple Computer** delayed filing its annual report (for the year to September 30th) because it needs to restate some earnings to account for **stock-option grants**. The company is the biggest out of dozens this year, mostly in the tech industry, to have reported the backdating of stock options.

**Biomet** agreed to a $10.9 billion buy-out from a group of **private-equity** firms. The designer and maker of artificial joints also said it would postpone its quarterly earnings after an internal review found that its procedures for granting stock options “were not well documented”.

## End of the road

Italy's **Autostrade** and Spain's **Abertis** scrapped their *euro*25 billion ($33 billion) plan to merge. The cross-border deal, which would have created the world's biggest toll-road operator, faced strong political opposition in Italy.

**Japan Tobacco** made an offer to buy **Gallaher**, a British cigarette-maker. At £7.5 billion ($14.7 billion), it would be the biggest-ever foreign acquisition by a Japanese company. Speculation mounted that rival bids were being prepared.

Private-equity firms **Kohlberg Kravis Roberts** and **Permira** bought a controlling stake in **ProSiebenSat.1**, valuing the German commercial broadcaster at around *euro*5.6 billion ($7.4 billion). The new owners want to combine their new purchase with other media assets they hold in Europe, so presenting a challenge to RTL, a broadcaster that operates in 11 countries and is owned by Germany's Bertelsmann.

**Thailand's central bank** was forced into a humiliating retreat after imposing capital controls designed to rein in the soaring baht. After the stockmarket plunged, it removed curbs on foreign equity investors, but left restrictions on other non-trade inflows. See article

## Housing trust

**Apollo Management**, a private-equity firm, agreed to pay $9 billion for **Realogy**, a real-estate company that includes the Century 21 and Coldwell Banker franchises in its portfolio. Some analysts viewed the deal as a vote of confidence in America's housing market amid signs that this year's price falls may be bottoming out. Realogy was formed this year after the break-up of the conglomerate Cendant.

**Express Scripts** made a counterbid for **Caremark**, valuing its rival at $26 billion. Both companies manage pharmacy services to consumers and health-care firms. Last month CVS, America's biggest retail-drug chain, made an offer to acquire Caremark, but the deal failed to inspire investors.

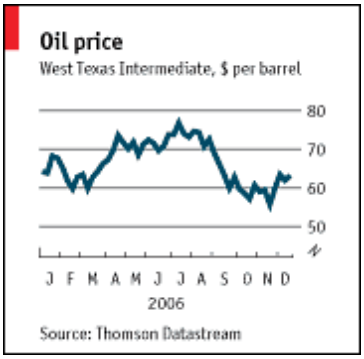
Australia's competition regulator said it would review the A$11.1 billion ($8.6 billion) bid for **Qantas Airways** from a private-equity consortium led by **Macquarie Bank**. The carrier's board initially rejected the offer but then approved it to shareholders after the consortium dropped its break fee. The regulator will investigate whether, among other things, Macquarie's 49% stake in Sydney airport would hinder airline competition.

**Westinghouse Electric** won a much-sought contract to build four nuclear reactors in **China**, which is expanding its use of atomic power. Much was made of the politics behind the deal. Westinghouse is owned by Japan's Toshiba, possibly signalling a thaw in Sino-Japanese relations, but is based in America. The news came after trade talks in Beijing between senior American and Chinese officials.

**Statoil**, Norway's state-controlled oil company, agreed to buy the oil and gas assets of **Norsk Hydro**, a compatriot in which the Norwegian government has a 44% stake. The combined company will have a market value of some NKr616 billion ($97 billion) and will be the world's largest offshore operator. Both companies have been looking at ways to expand since they (and others) were passed over as potential partners in the Shtokman gas field by the Russian government in October.

## Back to earth

Following a 4% cut in output that came into effect in November, the **Organisation of Petroleum Exporting Countries** said it would reduce production by a further 2%, to 25.8m barrels a day, from February 1st. The oil cartel's decision came despite the urging of Samuel Bodman, America's energy secretary, not to do so. Meanwhile, OPEC announced that Angola would become its 12th member from January 1st, the first country to join the organisation since Gabon (which has since left) in 1975.

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**Affluence**

# Happiness (and how to measure it)

Dec 19th 2006
From The Economist print edition

**Capitalism can make a society rich and keep it free. Don't ask it to make you happy as well**

Getty Images

HAVING grown at an annual rate of 3.2% per head since 2000, the world economy is over half way towards notching up its best decade ever. If it keeps going at this clip, it will beat both the supposedly idyllic 1950s and the 1960s. Market capitalism, the engine that runs most of the world economy, seems to be doing its job well.

But is it? Once upon a time, that job was generally agreed to be to make people better off. Nowadays that's not so clear. A number of economists, in search of big problems to solve, and politicians, looking for bold promises to make, think that it ought to be doing something else: making people happy.

The view that economics should be about more than money is widely held in continental Europe. In debates with Anglo-American capitalists, wily *bons vivants* have tended to cite the idea of “quality of life” to excuse slower economic growth. But now David Cameron, the latest leader of Britain's once rather materialistic Conservative Party, has espoused the notion of “general well-being” (GWB) as an alternative to the more traditional GDP. In America, meanwhile, inequality, over-work and other hidden costs of prosperity were much discussed in the mid-term elections; and “wellness” (as opposed to health) has become a huge industry, catering especially to the prosperous discontent of the baby-boomers.

## The things you never knew you wanted

Much of this draws on the upstart science of happiness, which mixes psychology with economics (see article). Its adherents start with copious survey data, such as those derived from the simple, folksy question put to thousands of Americans every year or two since 1972: “Taken all together, how would you say things are these days—would you say that you are very happy, pretty happy or not too happy?” Some of the results are unsurprising: the rich report being happier than do the poor. But a paradox emerges that requires explanation: affluent countries have not got much happier as they have grown richer. From America to Japan, figures for well-being have barely budged.

The science of happiness offers two explanations for the paradox. Capitalism, it notes, is adept at turning luxuries into necessities—bringing to the masses what the elites have always enjoyed. But the flip side of this genius is that people come to take for granted things they once coveted from afar. Frills they never thought they could have become essentials that they cannot do without. People are stuck on a treadmill:

as they achieve a better standard of living, they become inured to its pleasures.

Capitalism's ability to take things downmarket also has its limits. Many of the things people most prize—such as the top jobs, the best education, or an exclusive home address—are luxuries by necessity. An elite schooling, for example, ceases to be so if it is provided to everyone. These “positional goods”, as they are called, are in fixed supply: you can enjoy them only if others do not. The amount of money and effort required to grab them depends on how much your rivals are putting in.

Some economists think the results cast doubt on the long-held verities of their discipline. The dismal science traditionally assumes that people know their own interests, and are best left to mind their own business. How much they work, and what they buy, is their own affair. A properly brought-up economist seeks to explain their decisions, not to quarrel with them. But the new happiness gurus are much less willing to defer to people's choices.

Take work, for instance. In 1930 John Maynard Keynes imagined that richer societies would become more leisured ones, liberated from toil to enjoy the finer things in life. Yet most people still put in a decent shift. They work hard to afford things they think will make them happy, only to discover the fruits of their labour sour quickly. They also aspire to a higher place in society's pecking order, but in so doing force others in the rat race to run faster to keep up. So everyone loses.

Yet it is not self-evident that less work would mean more happiness. In America, when the working week has shortened, the gap has been filled by assiduous TV-watching. As for well-being, other studies show that elderly people who stop working tend to die sooner than their peers who labour on. Indeed, another side of happiness economics busies itself studying the non-monetary rewards from work: most people enjoy parts of their work, and some people love it.

As for capitalism's wasteful materialism, even Adam Smith had a problem with it. “How many people ruin themselves by laying out money on trinkets of frivolous utility?” he complained. It is hard to claim that pyramid-shaped tea-bags (developed at great expense over four years) have added much to the sum of human happiness. Yet if capitalism sometimes persuades people to buy stuff they only imagine they want, it also appeals to tastes and aptitudes they never knew they had. In the arts, this is called “originality” and is venerated. In commerce it is called “novelty” and too often dismissed. But without the urge for material improvement, people would still be wearing woollen underwear and holidaying in Bognor rather than Bhutan. Would that be so great?

## The joys of niche capitalism

If growth of this kind does not make people happy, stagnation will hardly do the trick. Ossified societies guard positional goods more, not less, jealously. A flourishing economy, on the other hand, creates what biologists call “a tangled bank” of niches, with no clear hierarchy between them. Tyler Cowen, of George Mason University, points out that America has more than 3,000 halls of fame, honouring everyone from rock stars and sportsmen to dog mushers, pickle-packers and accountants. In such a society, everyone can hope to come top of his particular monkey troop, even as the people he looks down on count themselves top of a subtly different troop.

To find the market system wanting because it does not bring joy as well as growth is to place too heavy a burden on it. Capitalism can make you well off. And it also leaves you free to be as unhappy as you choose. To ask any more of it would be asking too much.

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The Palestinians

# How not to win a state

Dec 19th 2006
From The Economist print edition

**The rejectionists of Hamas have brought Palestinians to the edge of civil war**

AP

IT WAS obvious from the moment they did it, in January 2006, that the decision of Palestinian voters to put the Islamists of Hamas in charge of the legislature of the Palestinian Authority was bad news. But the full extent of the calamity this government has inflicted on the West Bank and, especially, the Gaza Strip is nonetheless astonishing. As the election's anniversary approaches, the Palestinians find themselves poised at the very edge of a civil war. Their elected president, Mahmoud Abbas of the chiefly secular Fatah movement, has called early presidential and legislative elections. Ismail Haniyeh, the (Hamas) prime minister, says that Mr Abbas has no constitutional right to do so. Indeed, Hamas accuses Fatah of trying to assassinate Mr Haniyeh and stage a coup. Palestinians have already begun to kill one another (see article).

Most Palestinians are anxious to avoid a schism that would deflect them from their confrontation with Israel. So they are still capable of drawing back from a fratricidal war. That would be a relief. But it would not resolve the underlying problem. This is that Hamas has spent its year in government clinging stubbornly to a rejectionist mantra that closes off almost any chance of peace with Israel. Mr Haniyeh has just returned from a visit to Tehran, where he said again that Hamas would never recognise Israel, would not honour any of the existing agreements between Israel and the Palestinians and would "continue the *jihad* until Jerusalem is liberated".

Many people who sympathise with the Palestinian cause blame Israel or the West for the present miserable stalemate. They have a respectable point. America, Russia and the European Union have clamped a punishing diplomatic and economic embargo on the Palestinian government in an effort to force Hamas to soften its stance. Israel, having evacuated all its settlers and soldiers from the Gaza Strip last August, sent its army back after incessant rocket fire from Gaza and an audacious cross-border Hamas raid in which an Israeli soldier was abducted. If the world had played with more finesse, coaxing Hamas rather than boxing it into a corner, the movement's leaders just might have found it easier to be pragmatic.

But the Palestinians also have to accept responsibility for their own actions. And, as Mr Abbas said bluntly in calling for elections, Hamas itself is to blame for squandering the opportunity provided when Israel pulled its soldiers and settlers out of Gaza. Hopes of foreign investment and state-building disappeared with the pointless rocket fire at Israel.

## Why a deal would be better than an early election

George Bush and Tony Blair are no doubt pleased that the flaccid Mr Abbas has at last thrown down the gauntlet to Hamas. But neither they nor Israel should welcome the eruption of a civil war. More killing and chaos will not bring peace with Israel nearer. Nor are fresh elections a panacea. There is the danger of a boycott by voters, a hung parliament or another Hamas victory—especially if Palestinians think that Mr Abbas is being manipulated by his American and British supporters.

Even a clear Fatah victory might not help. For all its mistakes, Hamas commands the loyalty of millions of Palestinians, so no peace with Israel will hold without its acquiescence. Far better than a premature election would be for Hamas and Fatah to agree to share power in a government that did not dedicate itself to perpetual *jihad*. It is possible that more inducements and flexibility from outsiders might help to jolly such an agreement along. But there can be no serious progress towards broader peace until Hamas, like Fatah before it, gives up the self-defeating idea that in order for the Palestinians to have a state the Jewish one has to disappear.

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**Dealing with Iran and North Korea**

# Dangerous diplomacy

Dec 19th 2006
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**China and Russia are helping make the world a much more perilous place**

EVERY diplomatic road has its turnings. North Korea, which in October provocatively tested what it said was a nuclear bomb, has just rejoined the six-way talks with America, South Korea, Japan, China and Russia that it has been boycotting for more than a year. At the United Nations Security Council, agreement seemed closer, after months of haggling, to a resolution that would impose sanctions on Iran for refusing to halt its suspect uranium-enrichment and plutonium work (to make nuclear-reactor fuel to keep the lights on, it claims; to make fissile material for weapons, others worry). Both moves ought to signal advances in the global effort to stop the bomb's spread. In fact, both may instead end up confirming that the diplomacy is failing.

Talking is not an end in itself. Strong-armed back to the table by China, North Korea's boss, Kim Jong Il, still shows no sign of preparing to abandon his bombs. Despite an earlier agreement in principle to disarm, he may already have enough fissile material for up to a dozen bombs. And his list of demands has lengthened. He wants to be rewarded for his weapons test with a Western-designed nuclear reactor, interim energy supplies and the like, all of which he forfeited four years ago when he broke a 1994 agreement to end his illicit plutonium-making by messing about with uranium too. He also wants the UN to abandon sanctions announced in response to his test and America to remove the pressure it has put on banks to freeze North Korean funds that come from currency-counterfeiting and drugs-running, and are used to buy the black-market supplies to feed his bomb habit.

Needless to say, lifting sanctions and paying bribes in the hope that Mr Kim, who has reneged on every nuclear agreement he has made, will get around to disarming some fine day would have the opposite effect: to legitimise his bomb. Just a cheeky opening gambit in a tough negotiation? The diplomats' job is to test hope against experience. But the signs are that Mr Kim has a different purpose than disarmament: to keep an angry China off his back while he sits out the Bush administration in the hope that the next American president, and the world, will learn to live with a nuclear North Korea.

The strategy could pay off. Although it backed UN sanctions on North Korea after its bomb test, China has been dismayingly slow to see them enforced. Meanwhile, Iran's fiery president, Mahmoud Ahmadinejad, has been gambling that Russia will do the same for him, by helping his regime to avoid paying any real price for its nuclear defiance.

Iran was reported to the Security Council in February by the board of the International Atomic Energy Agency, the UN's nuclear guardian, for a string of highly suspect safeguards violations that had inspectors deeply worried. Russia agreed with America, China and three European countries (Britain, France and Germany) leading the effort to get Iran to comply with the Nuclear Non-Proliferation Treaty

(NPT): incremental sanctions should follow unless Iran suspends its uranium and plutonium work. Iran refuses. But Russia has spent the past months whittling away the proposed list.

Its selfish aim has been to exempt from sanctions the Bushehr nuclear-reactor project it is completing for Iran, and to ward off a financial squeeze that might put at risk the profits Russia hopes to earn from providing nuclear fuel for the reactor, which is due to be commissioned in 2007. More airily, President Vladimir Putin argues that Iran, unlike North Korea, has not expelled nuclear inspectors, flounced out of the NPT or set off a weapons test—and should be dealt with gently.

## Wrong turn

All this is dangerously short-sighted, for Iran may yet do all of these things. It has already blocked inspectors' efforts to delve into some of its suspect nuclear past. There is no need for the regime to threaten to leave the NPT now, since it can apparently break the treaty's rules with impunity. But if suspicions are correct that Iran has been secretly learning how to build and trigger a nuclear device, and shape a missile cone to carry such a warhead (as well as publicly developing nuclear-capable, far-flying missiles), then once it has fully mastered uranium enrichment it will soon be poised to break out at short notice, at a moment of its choosing.

If neither North Korea nor Iran is shown to pay a heavy price for breaking the NPT and defying the Security Council, others nervously rethinking their nuclear ambitions will be tempted to follow suit. By enfeebling diplomacy, China and Russia are taking the world into more dangerous territory.

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**Liberalism and neurology**

# Free to choose?

Dec 19th 2006
From The Economist print edition

**Modern neuroscience is eroding the idea of free will**

IN THE late 1990s a previously blameless American began collecting child pornography and propositioning children. On the day before he was due to be sentenced to prison for his crimes, he had his brain scanned. He had a tumour. When it had been removed, his paedophilic tendencies went away. When it started growing back, they returned. When the regrowth was removed, they vanished again. Who then was the child abuser?

His case dramatically illustrates the challenge that modern neuroscience is beginning to pose to the idea of free will. The instinct of the reasonable observer is that organic changes of this sort somehow absolve the sufferer of the responsibility that would accrue to a child abuser whose paedophilia was congenital. But why? The chances are that the latter tendency is just as traceable to brain mechanics as the former; it is merely that no one has yet looked. Scientists have looked at anger and violence, though, and discovered genetic variations, expressed as concentrations of a particular messenger molecule in the brain, that are both congenital and predisposing to a violent temper. Where is free will in this case?

Free will is one of the trickiest concepts in philosophy, but also one of the most important. Without it, the idea of responsibility for one's actions flies out of the window, along with much of the glue that holds a free society (and even an unfree one) together. If businessmen were no longer responsible for their contracts, criminals no longer responsible for their crimes and parents no longer responsible for their children, even though contract, crime and conception were “freely” entered into, then social relations would be very different.

## We, the willing

For millennia the question of free will was the province of philosophers and theologians, but it actually turns on how the brain works. Only in the past decade and a half, however, has it been possible to watch the living human brain in action in a way that begins to show in detail what happens while it is happening (see survey). This ability is doing more than merely adding to science's knowledge of the brain's mechanism. It is also emphasising to a wider public that the brain really is a just mechanism, rather than a magician's box that is somehow outside the normal laws of cause and effect.

Science is not yet threatening free will's existence: for the moment there seems little prospect of anybody being able to answer definitively the question of whether it really exists or not. But science will shrink the space in which free will can operate by slowly exposing the mechanism of decision making.

At that point, the old French proverb “to understand all is to forgive all” will start to have a new resonance, though forgiveness may not always be the consequence. Indeed, that may already be happening. At the moment, the criminal law—in the West, at least—is based on the idea that the criminal exercised a choice: no choice, no criminal. The British government, though, is seeking to change the law in order to lock up people with personality disorders that are thought to make them likely to commit crimes, before any crime is committed.

## The coming battle

Such disorders are serious pathologies. But the National DNA Database being built up by the British government (which includes material from many innocent people), would already allow the identification of those with milder predispositions to anger and violence. How soon before those people are subject to special surveillance? And if the state chose to carry out such surveillance, recognising that the people in question may pose particular risks merely because of their biology, it could hardly then argue that they were wholly responsible for any crime that they did go on to commit.

Nor is it only the criminal law where free will matters. Markets also depend on the idea that personal choice is free choice. Mostly, that is not a problem. Even if choice is guided by unconscious instinct, that instinct will usually have been honed by natural selection to do the right thing. But not always. Fatty, sugary foods subvert evolved instincts, as do addictive drugs such as nicotine, alcohol and cocaine. Pornography does as well. Liberals say that individuals should be free to consume these, or not. Erode free will, and you erode that argument.

In fact, you begin to erode all freedom. Without a belief in free will, an ideology of freedom is bizarre. Though it will not happen quickly, shrinking the space in which free will can operate could have some uncomfortable repercussions.

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Corruption and the law

# Barefaced

Dec 19th 2006
From The Economist print edition

**Bribes are bad for both givers and takers. No definition of "national interest" can change that**

THE practice of slipping *baksheesh* into a well-placed palm is not a novel one. "He...that shaketh his hands from holding of bribes...he shall dwell on high," said the prophet Isaiah, and he was doubtless not the first to comment on the matter. Yet the announcement on December 14th that Britain's Serious Fraud Office (SFO) would be dropping its two-year inquiry into bribes that may or may not have been paid by BAE Systems, a defence firm, to secure contracts in Saudi Arabia has created an almighty stink (see article).

The OECD anti-bribery convention ratified in 1998, and a domestic law passed in 2001, require Britain to investigate allegations of backhanders paid abroad. The decision to halt this investigation was reached only after balancing the need to uphold the rule of law with the "wider public interest", the official version goes. The attorney-general, Britain's top law-enforcement official and a political appointee, was careful to stress that national security—principally, Saudi Arabia's help in the fight against al-Qaeda—was at stake. But Tony Blair, en route to the Middle East to try to broker a deal in Palestine, let other cats out of the bag. The prime minister spoke of the "thousands of jobs" that hung on the contracts as well as of "ill feeling between us and a key partner and ally".

Although BAE denies any wrongdoing, such arguments will resonate with countries that are trying to head for the moral high ground while hanging on to the jobs and diplomatic influence that they think such exports give. In much of the globe it is impossible to do business without paying backhanders, from Mexico's "*refrescos*" to North Africa's "*petits cadeaux*" (see article). And the arms industry is especially prone to wielding the brown envelope.

Those who argue that it is sometimes necessary to connive in a culture of corruption for the greater good tend to rely on three arguments. First, everyone else does it. Second, defence deals, in particular, help to secure influence and alliances. Third, valuable jobs at home depend on selling abroad.

Yet none of the three is compelling. Bribery has begun to dwindle since the OECD convention, says Transparency International, a pressure group. Even France, Britain's nemesis in the arms trade, brought 11 prosecutions for bribery in the 18 months to last June (11 more than Britain, incidentally). Nor is it clear that flogging hardware is a requirement for securing Saudi co-operation in security matters. If the kingdom has stepped up the good fight against fundamentalist terrorism in the past few years, as intelligence sources say it has, that is mostly because it is in its own interests to do so.

## Counting the cost

The last claim—that big export contracts create jobs—contains an element of truth. But jobs are not worth having at any price, and here the cost is considerable. People in countries where backhanders are a way of life see resources squandered and become disillusioned with public institutions. In developed countries, people may come to think that there is one rule for big firms doing big deals with big oil-rich countries and another for everyone else. As for those protected jobs, bribes distort the market by adding to the cost of a product without adding to its value. Over time an industry that has to pay people to buy its wares usually becomes less competitive.

In principle, rare occasions could arise when the interests of national security really do justify a

government's decision to overrule an inquiry into corruption. But that does not seem to apply in this case. And even if it did, it is not enough for the government of the day just to say, “Trust us.” At the very least, such decisions should be subject to review by an independent judge, not made by a member of that government.

The ditching of the SFO inquiry will feed the cynicism already widespread in Britain. Mr Blair is having trouble with a separate corruption inquiry, into his party's finances (see article). It would be a shame if that investigation suffered the same fate as the one into corporate bribery.

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# On Iraq, Israel's borders, Quebec, Republican voters, Turkey and turkey

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From The Economist print edition

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## The year's big issue, again

SIR – The ghosts of Lord Raglan and Sir Douglas Haig must be roaming your corridors late at night, because I detect the spirit of Balaclava and the Somme in your rejection of the Iraq Study Group's report ("Don't do it", December 9th). In striking contrast to your "stay the course" position, the cry of *sauve qui peut* is now resounding through the offices of Republicans hoping to be elected in 2008, and congressional and popular support is eroding in line with the deterioration in our position on the ground in Iraq.

Maybe we should view superpower America as being a pitiful, helpless giant. The technical wizardry of the invasion was awesome, of course, but that is in stark contrast to the occupation, where an undermanned, underequipped army assigned to embody the neocons' nation-building dream has proved itself incapable of handling the job.

The prospect, then, is for some version of "cut and run", however well disguised, and however dishonourable. It would not be the first time in American history: Bill Clinton in Somalia, Ronald Reagan in Lebanon, and Gerald Ford in Vietnam come to mind—not to mention the 1876 election compromise that withdrew Union troops from the South, condemning Southern blacks to almost another century of servitude. And for a worst-case scenario, there was Britain's abrupt withdrawal from the Indian subcontinent in 1947, which forced millions to flee their ancestral homes, with roughly 1m dying in the attempt.

William Burke
San Francisco

SIR – You argue that the announcement of an American withdrawal will weaken our leverage over the internal politics of Iraq. However, the opposite is equally plausible. As long as Iraq's leaders think America will keep its forces in the country indefinitely they will continue to refuse to compromise and turn a blind eye to sectarian violence. Maybe the prospect of American forces being pulled out will concentrate Iraqi minds. But because either option could fail, isn't it sensible for the United States to choose the one that will minimise costs and the loss of American lives?

Richard Greene
Hopewell, New Jersey

## Marking the line

SIR – It is incorrect to refer to the "Green Line" as "Israel's internationally recognised border" ("Rowing Rabbis (cont.)", December 9th). The Green Line represents the ceasefire lines drawn up in 1949 after the Arab-Israeli war, and up until 1967 Israel's Arab neighbours never recognised this as an international border. Following the Six Day War, the UN Security Council passed Resolution 242 that called for Israel to withdraw from "territories occupied in the recent conflict" (note it did not say all territories) in return for a permanent peace agreement and termination of all hostilities. It did not call for a unilateral Israeli withdrawal to the Green Line, nor recognise this as Israel's permanent border.

The language of the resolution was carefully drafted to allow for territorial adjustments as part of any

peace negotiations, and this is reflected in the agreements that Israel eventually signed with Egypt and Jordan, the Oslo Accords signed with the Palestine Liberation Organisation and Ehud Barak's proposals to Yasser Arafat at Camp David in 2000. The recent proposal made by Ehud Olmert to resume negotiations with the Palestinians is also consistent with this principle.

Raphael Lerner
Glencoe, Illinois

## Not a nation apart

SIR – You completely missed the subtle nature of the motion on Quebec passed by Canada's Parliament ("Nation bidding", December 2nd). It recognised that the Québécois do form a nation within a united Canada, but because Québécois are French-speaking Canadians, tied to French culture and ethnic ancestry from France, the motion refers only to a people with no mention of provincial boundaries. Many Quebeckers are not Québécois. As such, the prime minister, Stephen Harper, has assuaged the pride of the separatists, yet given them no ground to further their ends of separating the province of Quebec from Canada.

Matt Hurst
Ottawa, Canada

SIR – A few years ago I sat next to a young Quebecker on an aeroplane and she explained to me how she saw herself as living in a distinct society, but one which was not simply French. She had once visited Paris, where she had been treated to haute cuisine at a restaurant of the utmost elegance, causing her to feel part of something very superior to Anglophone Canada. After the meal she slipped down to the ladies' room and there, in a moment of horrified revelation, she had understood that she was also a North American.

Edward Lidderdale
London

## Primary state of mind

SIR – Regarding Lexington's thoughts on whether the Republicans can become a national party again ("A national party no more?" December 2nd). I'm a "Live Free or Die" New Hampshire gun-owning libertarian fiscal conservative Republican-leaning independent who has voted a straight Democratic ticket for two elections in a row now. That makes me just the sort of voter Lexington had in mind. I have always found the way that the GOP won the South distasteful, but under George Bush the party has finally become an organisation I would be ashamed to support in any way. Karl Rove is not a genius and now his luck is running out. Perhaps the Republicans need to remember their first and greatest president, who proved conclusively that the South, for all its delusions, doesn't amount to much alone. Otherwise, we'll just have to bring back the Whigs.

Bruce Morley
Jaffrey Center, New Hampshire

## A bird's tale

SIR – Naile Berna Kovuk's indignation at Turkey being named after poultry is misplaced (Letters, December 2nd). The bird was actually named after the presumed country of origin, not vice versa. When first encountered, the turkey was confused with guinea-fowl, known then as turkeycocks. They were introduced to Europe from their native Africa via Turkey. The rest is (etymological) history.

Michael Metcalf
New York

SIR – English merchants in Turkey discovered a most delicious bird to eat and exported it back to England, where it became very popular, and was known as a "Turkey bird" or simply a turkey. There are odd names for a turkey in other languages as well, where the bird always seems to have come from somewhere else. In Turkey itself it is known as *hindi* (meaning from India), in Italy *tacchino* (peacock) or *pollo d'India* (India again); in Arabic it is called an "Ethiopian bird".

Tony Allwright
Killiney, Ireland

SIR – The Poles call the same species *indyk*, perhaps after the French name for it, *dinde* (of the Indies). The Portuguese call it *peru*. The turkey is a truly global bird and should be used as a fitting symbol for the next round of World Trade Organisation talks.

Konrad Brodzinski
London

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**Happiness and economics**

# Economics discovers its feelings

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**Not quite as dismal as it was**

ECONOMICS is “not a ‘gay science’,” wrote Thomas Carlyle in 1849. No, it is “a dreary, desolate, and indeed quite abject and distressing one; what we might call, by way of eminence, the dismal science.”

Carlyle was a fine one to talk. He was a brooding curmudgeon who thundered against industry, progress and the young science that sought to explain them. He found economists dismal not for the obvious reasons, such as their dry arithmetic or their gloomy preoccupation with scarcity and subsistence. Instead, he took against them because they were so wedded to the idea of happiness.

The economists of his day took their cue from Jeremy Bentham and his “utilitarian” philosophy. They calculated happiness, or utility, as the sum of good feelings minus bad, and argued that the pursuit of pleasure and the avoidance of pain were the sole springs of human action. One even looked forward to the invention of a hedonimeter, a “psychophysical machine” that would record the ups and downs of a man's feelings just as a thermometer might plot his temperature. Such people, Carlyle complained, fancied that man was a “dead Iron-Balance for weighing Pains and Pleasures on”.

The hedonimeter was never invented, and for a century or so economists fell silent about both weights on man's scales. They studied outward behaviour, not inward feelings; choices made, not pleasures taken. But in recent years, economists have become newly confident that they can measure utility as Bentham conceived it: as a quantum of pleasure or pain.

How do they do it? Mostly they just ask people. Daniel Kahneman, a psychologist at Princeton University who won the Nobel prize for economics in 2002, reckons people are not as mysterious as less nosy economists supposed. “The view that hedonic states cannot be measured because they are private events is widely held but incorrect,” he and his colleagues argue. Generally, people can say how they feel at a given moment, on a scale of zero to ten.

And if this smacks of hearsay not science, the new “hedonimetrists” can appeal to other kinds of evidence, better calculated to impress. They can look into people's eyes; or better still, their brains. People who confess to feeling happy also grin more than others. And they mean it: they smile with their eyes (a contraction of the orbicularis oculi facial muscles), not just their mouths. People's self-reports also tally roughly with what electrodes planted on their scalp reveal about the frequency and voltage of electrical waves in their left forebrain, which sparks up when they are feeling good.

Mr Kahneman's most notorious experiment took place in a Toronto hospital over a decade ago. He and a

colleague asked patients undergoing a colonoscopy (in which a probe is passed up the rectum) to report their level of discomfort minute by minute. Later, they were asked how they felt about the procedure in retrospect. Their answers were surprising. The test left a worse impression on patient A, for whom it lasted less than ten minutes, than on patient B, who suffered for 24 minutes. Patients' recollections were heavily coloured by the procedure's worst moment and its last moment. The duration of the pain did not seem to make much difference. Patients were happier about a colonoscopy that lasted longer but ended better.

## Fallible memories

Mr Kahneman, who is not shy of extrapolation, thinks people often choose to repeat experiences that seem better in retrospect than they did at the time. Contrary to Bentham, the “sovereign masters that determine what people will do are not pleasure and pain, but fallible memories of pleasure and pain.”

If people are bad at recalling their feelings, they are worse at predicting them. They fail to anticipate how a person feels after moving to a new city, losing a limb or winning a jackpot. Prisoners imagine that solitary confinement will be worse than it really is; mothers-to-be think the pain of childbirth will be more bearable than it typically proves to be. And it is not just unusual events that trip people up. According to Mr Kahneman, people struggle to predict how their appetite for ice-cream, low-fat yogurt or music might change in the course of a week of enjoying them. If man is an iron-balance that weigh pains and pleasures, the scales are sadly askew.

As a result, many economists now ignore one of the discipline's dreariest maxims: *de gustibus non est disputandum*, one does not quarrel over tastes. Robert Frank begins his 1999 book “Luxury Fever” with a long, incredulous description of the Viking-Frontgate Professional Grill, a barbecuer's folly, sporting infra-red rotisserie, rangetop burners and brass trimmings. Such purchases would once have gone unquestioned by economists. The consumer was king: if he spent $5,000 on a grill, a $5,000 grill must be what he wanted. Likewise, if he picked X over Y, a colonoscopy over an enema, pushpin over poetry, his choice should be respected. But now economists like Mr Frank and Mr Kahneman delight in second-guessing such choices, citing the evidence of their hedonimeters.

## Have fun

What sumptuary advice do they offer? In general, the economic arbiters of taste recommend “experiences” over commodities, pastimes over knick-knacks, doing over having. Mr Frank thinks people should work shorter hours and commute shorter distances, even if that means living in smaller houses with cheaper grills. The appeal of such fripperies palls faster than people expect, they say. David Hume suggested that “the amusements, which are the most durable, have all a mixture of application and attention in them; such as gaming and hunting.”

But as with any argument involving economists, there is more than one side to it. For one thing, many experiences demand a substantial outlay on commodities: horses, hounds and jodhpurs, for example. And as Bryan Caplan, of George Mason University, points out, many trinkets and fripperies themselves provide a stream of experiences.

Adam Smith thought there was pleasure to be had simply in admiring the craftsmanship of a well-made watch, even if its extra accuracy was of little practical benefit. Bentham appreciated his creature comforts: according to Negley Harte, the University of London's historian, his embalmed body wears a pair of knitted underpants, unlike most of his contemporaries, who simply tucked their shirt-tails between their legs.

And before Mr Frank scoffs at Gillette's latest five-blade shaving system, he should recall Benjamin Franklin's belief that teaching a young man to shave, and keeping his blade sharp, would contribute more to his happiness than giving him 1,000 guineas to squander. The money would leave behind only regret. But self-grooming spares a man “the frequent vexation of waiting for barbers, and of their sometimes dirty fingers, offensive breaths, and dull razors.”

Richard Layard, an economist at the London School of Economics, provides one prominent example of the transformation that some dismal scientists have undergone. He made his mark with his 1991 treatise, “Unemployment”, co-authored with Stephen Nickell and Richard Jackman. On its cover, the book featured the painting “L'Absinthe” by Edgar Degas: a dejected woman and a dishevelled man, two “rather sodden” characters, as one reviewer put it at the time, pass the time and ease their sorrows with a tipple in a Paris

café. The book was dedicated to the “millions who suffer through want of work”.

Today, Lord Layard argues, unemployment is no longer Britain's biggest social problem. The number of jobless Britons claiming the dole is now about 960,000. But there are over 1m people receiving incapacity benefits because depression and stress have left them unfit to work.

Lord Layard's latest book has a much jauntier image on its cover: a “happy eccentric” with a fez on his head, a monocle in his eye and a bunch of flowers in his hand. A perky character, one might say. Ambitious, policy-minded economists such as Lord Layard are no longer satisfied with raising the rate of employment. They want to lift the rate of enjoyment too.

That, it turns out, is not easy. Happiness, as measured by national surveys, has hardly changed over 50 years. The rich are generally happier than the poor, but rich countries do not get happier as they get richer. The Japanese are much better off now than in 1950, but the proportion who say they are “very happy” has not budged. Americans too have remained much as Alexis de Tocqueville found them in the 19th century: “So many lucky men, restless in the midst of abundance.”

Lord Layard and Mr Frank both blame habit and rivalry for this stagnation of morale. People grow accustomed to what they have—however much of it there is. Moreover, having a lot of things is not enough if other people have more. A rising tide lifts all boats, but not all spirits.

For economists, this is radical stuff. They traditionally argue that people best serve themselves and the public by minding their own business. Indeed, this laissez-faire attitude is one reason Carlyle attacked them. Economics, he wrote, “reduces the duty of human governors to that of letting men alone”. He was afraid this radical idea would “dissever and destroy most existing institutions of society”.

But Lord Layard argues that we cannot help minding other people's business, as well as our own. Doing well is not enough: we also want to do better than our peers. This status anxiety runs deep in our nature, he says. Vervet monkeys at the top of their social tree enjoy more mates and bananas as a result, but they also exult in their position for its own sake. As with monkeys, so with mandarins. Top British civil servants tend to live longer than their underlings, regardless of other differences in lifestyle, according to the “Whitehall II” studies which have been monitoring thousands of Humphreys and Bernards since the 1980s.

To clamber up the pecking order, some people slave away nights and weekends at the office. They gain in rank at the expense of their free time. But in making that sacrifice they also hurt anyone else who shares their aspirations: they too must give up their weekends to keep up. Mr Frank reckons that many people would like to work less, if only others slackened off also. But such bargains cannot be struck unilaterally. On the contrary, people compete in costly “arms races”, knowing that if they do not work harder, they will lose their standing to someone who does.

**Doing well is not enough: we also want to do better than our peers. This status anxiety runs deep**

These races are motivated by more than just prestige. As Fred Hirsch argued in his 1977 book, “The Social Limits to Growth”, many good things in life are “positional”. You can enjoy them only if others don't. Sometimes, a quick car, fine suit or attractive house is not enough. One must have the fastest car, finest suit or priciest house.

Think of the scramble for schools, Mr Frank says. Only 10% of kids can go to the top 10% of schools. In many countries, wherever the schools are good, the houses will be expensive. Thus parents who want the best education for their child must overwork to afford a house in a good school district. In doing so, however, they raise the bar for everyone else.

Is mutual disarmament possible? Not without government help, Mr Frank and Lord Layard argue. The exchequer should tax earned income heavily enough to deter one-upmanship, they say.

Despite appearances, this is not a naked example of punitive redistribution—the fiscal politics of envy. Mr Frank and Lord Layard do not want to level the social order. Their aim is much more conservative than that. Their taxes would leave the pecking order intact and envy undiminished. But people would be

deterred from acting on the green-eyed monster. The problem these economists want to tackle is not inequality per se. It is that people don't know their place and scramble vainly to improve it. Carlyle, who thought man should content himself with being the worthy follower of worthy superiors, would no doubt have approved.

## Go with the flow

Not that Carlyle was workshy. On the contrary, he thought that work was the only lasting measure of a man. As he put it, whatever insight, ingenuity and energy a man had in him "will lie written in the work he does". And the "only happiness a brave man ever troubled himself with asking much about was, happiness enough to get his work done."

Economics, on the whole, disagrees. It thinks of labour as a chore. People sell it, at the expense of their leisure time, purely as a means to the end of consumption. Indeed, Carlyle first anointed economics the "dismal science" because liberal economists insisted that American slaves be free to sell their labour in the marketplace like everyone else.

For many people, work is—as traditional economics assumes—just a way to pay the rent. But Carlyle is not the only one to see it as much more than that. In a string of experiments, Mihaly Csikszentmihalyi, of Claremont Graduate University, has handed out pagers to thousands of people who agreed to log their mood whenever prompted to do so. People were, unsurprisingly, at their happiest when eating, carousing or pottering around the garden. But some fortunate people also found deep satisfaction from losing themselves in their work: "forgetting themselves in a function", as W.H. Auden put it.

It is easier to forget yourself in some functions than in others, of course. In Auden's poem, surgeons manage it "making a primary incision", as do cooks, mixing their sauce, and clerks "completing a bill of lading". This happy state, which Mr Csikszentmihalyi calls "flow", arises most often in work that stretches a person without defeating him; work that provides "clear goals", "unambiguous feedback" and a "sense of control".

Where these things are lacking, people can sometimes sculpt their jobs to compensate. For example, Amy Wrzesniewski, of New York University, and her colleagues found hospital cleaners who would hold patients' hands and keep them company, brightening their day as well as scrubbing their rooms. Other researchers noted that hairdressers see themselves as more than just scissors for hire. They serve as emotional confidants for clients they like, and "fire" clients they don't.

Mr Csikszentmihalyi is now one of three scholars behind the "Good Work" project, which aims to make "flow" a more common experience in professional life. The project frets about how to square the "competing demands of excellence, ethics, and earnings". In some fields of endeavour, such as genetic research, it found that good work was rewarded with professional success; but in others, professional pride and corporate profit seemed to tug in opposite directions. Journalism, apparently, is a "prototypically misaligned profession", staffed by reporters who want to investigate great affairs of state but read by a public more interested in stories that are "scandalous, sensational, superficial".

What to do? The Good Work project tends to blame the "market" for corrupting craftsmanship. But consumers cannot be made to want what producers care to make. Besides, "it is a thrill unique to a market society to find that people are willing to pay for one's product," writes Deirdre McCloskey in her latest book, "The Bourgeois Virtues". Payment is a form of applause; all the more convincing because it is costly. Furthermore, when you spend what you have earned in the market, you can enjoy knowing that you have "pulled your own weight", taking from the national product no more than you have added to it.

**Some fortunate people also found deep satisfaction from losing themselves in their work**

If people are determined to pursue their calling rather than simply taking a job, some professions (surgery, cookery, genetics) may become overcrowded, others undersubscribed. But when a job cannot find enough takers, the market finds ways to ennoble it: first pay, and then status, begin to rise. It becomes economical to automate some aspects of the work, employing machines to do the deadening humdrum toil that men and women are no longer willing to put up with. What remains of the job will be

the bits only people can do: tasks that require insight, ingenuity and the human touch. Ms McCloskey recalls the Cincinnati sewerman, interviewed a few years ago on National Public Radio, who earned $60,000 a year and liked to tell girls he was an “environmental” worker.

## The dismal sage

Did Thomas Carlyle ever make his peace with the dismal science? Even his admirers admit that his “bigoted dislike of Political Economists withheld him from studying their works” or appreciating their advances. Nor did he soften much in his disdain for the fruits of commercial society: cheaper cotton and swifter railways meant nothing to him; and in his opinion, advertising, or “puffing” as he called it, deserved to be taxed out of existence.

But as any economist could have pointed out, he had a lot to thank commercial society for. Having discovered his vocation as a cultural muckraker, he eventually secured an audience, a market and even the offer (which was refused) of Westminster Abbey as a final resting place. In periods of speedy progress, it seems, stubborn reactionaries at least enjoy a certain scarcity value.

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**Pushtunwali**

# Honour among them

Dec 19th 2006 | GARDEZ AND PESHAWAR
From The Economist print edition

AP

**Thieves, murderers, rapists; and how the Pushtuns' ancient tribal code is fighting for survival against radical Islam**

IN A cinema hoarding in Peshawar's Khyber bazaar, Arbaz Khan brandishes a Kalashnikov rifle with a muscular brown arm dripping with scarlet blood. Two nicely plump, pink-cheeked maidens are arranged on the grey rocks behind the actor, manacled and in chains. Mr Khan's roaring, jet-moustachioed mouth bellows the name of the film: “It is my sin that I am Pushtun!”

As an examination of moral equivalence, the film raises difficult questions. To simplify: Mr Khan's father is killed in a blood-feud, after which, according to the tribal code of the Pushtuns—or Pakhtuns, or Pathans, as they are also called—Mr Khan's uncle should marry his dead brother's widow and accept Mr Khan as his son. But Mr Khan's mother is rather long-in-the-tooth, so Mr Khan's uncle (or father) takes up with a dancing-girl, whom, to satisfy his mother's honour, Mr Khan kills. Mr Khan then falls in love. But, dash it, his uncle (or father) makes a play for his girl! Herein lies a dilemma. According to the tribal code, which is called Pushtunwali, Mr Khan must honour his father and also slaughter anyone who messes with his lady. Which way should he choose? After brief anguish, Mr Khan slots his randy uncle.

To Western critics, “Aayeena” might sound like Bollywood schlock. But it has real-life resonance in Peshawar, the capital of Pakistan's North-West Frontier Province (NWFP). Your correspondent recently paid a visit there to a politician, Anwar Kamal Marwat, a florid gentleman of military bearing and parliamentary leader of the Pakistan Muslim League-Nawaz in the NWFP assembly. By chance, Mr Kamal had that evening returned from a distant jirga, or tribal council, involving several hundred elders from Pakistan and Afghanistan, representing several dozen Pushtun tribes and their constituent clans. The jirga had been convened to settle a blood-money claim against the Marwat tribe, which Mr Kamal leads, incurred in April 2004.

For several years previously, the Marwat had been feuding with their neighbours, the Bhattani, another small Pushtun tribe. The tit-for-tat offences were quite piffling, said Mr Kamal—a spot of thieving or kidnapping of fighting-age males. Then some Bhattani hotheads abducted two Marwat girls; and Mr Kamal went Pushtun-postal. Leading an army of 4,000 Marwat fighters, equipped with artillery, he levelled a Bhattani town, killing 80 people, including the two unlucky, but nonetheless dishonoured, girls. Neither the bloodletting, nor the jirga that followed it (which stung Mr Kamal and his tribe for $60,000),

seem even to have been mentioned in the Pakistani press.

Asked whether he saw any contradiction in a senior lawmaker instigating such extreme violence, Mr Kamal appeared astonished. “Well, we don't claim this is something to be proud of,” he stuttered. “But it is a question of prestige, you see, a question of honour.” In other words, he might have said, paraphrasing Mr Khan: it is his sin that he is Pushtun.

It is over 250 years since Afghanistan was cobbled together, from many ethnic groups, and two centuries since British colonisers tried stretching their writ to India's (now Pakistan's) north-western frontier, where the plains crumple up towards the Hindu Kush. Yet, in both places, a large part of the population is still wedded to Pushtunwali. Some 15m Pushtuns live in Afghanistan, or 50% of its population; and 28m in Pakistan, mostly in NWFP, representing about 15% of the population there. Most of them are ruled by their tribal code, the notable exception being where the rival Islamist code, of the stringent Saudi variety which is preached by the Taliban and quite new to Afghanistan, is strong. Islamism has rivalled Pushtunwali for centuries; it has often gained prominence, as currently, in time of war. More typically, the two competing ways have cross-fertilised in Afghanistan, each subtly influencing the other.

Pushtunwali's principles have not changed in centuries—certainly not since they were recorded by Victorian ethnographers, middle-class soldiers and civil servants: players of the Great Game. Most lionised the fierce tribesmen, who periodically murdered them. Some even swallowed a delicious Pushtun claim to be descended from a lost tribe of Israel. But not all Westerners fell for the Pushtun. As a reporter for the *Daily Telegraph*, attached to the Malakand Field Force, Winston Churchill wrote: “Their system of ethics, which regards treachery and violence as virtues rather than vices, has produced a code of honour so strange and inconsistent that it is incomprehensible to a logical mind.”

Pushtun amateur genealogists (that is, most Pushtun men) say Pushtunwali is 5,000 years old. But as Pushtu was first written less than 500 years ago, the theory is hard to test. The code's sine qua non is honour, or nang, a word which, according to Sir Olaf Caroe, an imperial scholar of the Pushtuns, contains a mythical sense of chastity. According to Khusal Khan Khattak, a great 17th-century Pushtun poet, credited with 45,000 poems: “I despise the man who does not guide his life by nang,/the very word nang drives me mad!” In dusty Pushtun villages today, few bearded men would not nod approvingly at this. “Any man who loses his honour must be completely ostracised,” said Sandaygul, a long-beard of the Mangal tribe in Afghanistan's south-eastern Paktia province. “No one would congratulate him on the birth of child. No one would marry his daughter. No one would attend his funeral. His disgrace will endure for generations. He and his family must move away.” In Pushtu, to be disgraced means literally to be an outsider.

## The insulting Americans

There are infinite ways to slight a Pushtun's nang, but most involve zar, zan or zamin: gold, women or land. The search tactics of American troops in Afghanistan, five years after they invaded the country, tend to offend on all counts. By forcing entry into the mud-fortress home of a Pushtun, with its lofty buttresses and loopholes, they dishonour his property. By stomping through its female quarters, they dishonour his women. Worse, the search may end with the householder handcuffed and dragged off before his neighbours: his person disgraced. America and its allies face a complicated insurgency in Afghanistan, driven by many factors. But such tactics are among them.

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His honour besmirched—and here's the problem for the Americans—a Pushtun is obliged to have his revenge, or badal. Last year, in one of the myriad such examples that arise in conversations in northern Pakistan and Afghanistan, the daughter of a prominent businessman in Gardez, Paktia's capital, eloped with her beau. So the businessman sold up his property, moved to Kabul and tracked down and killed his daughter's lover. His daughter, whom he must also kill if the stain is to be removed, has been given sanctuary by a human-rights organisation. Her prospects are not good. According to a Pushtu saying: “A Pushtun waited 100 years, then took his revenge. It was quick work.”

In addition, the honourable Pushtun embraces two obligations. He will offer hospitality, malmastai, to anyone needing it. And he will give sanctuary, nanawatai, to whoever requests it. Stories of extreme

generosity are common in Pushtun places. Near the village of Saidkhail, in the Zadran tribal area of eastern Khost province, a wandering Islamic student, or talib, killed a man with a knife, recounts Mohammed Omar Barakzai, the deputy minister for tribal affairs. The talib knocked on the nearest door and said to the woman who opened it: “I have killed a man. Shelter me.” She let him in. And sure enough, to trim an elegantly told tale, the murdered man was the woman's son. “I am a Pushtun and have given this man refuge,” the woman told her blood-lusting husband and brothers. “Take him to safety.”

None is more equal than others

But Pushtunwali is not all fierce imperatives. The code also contains many flexible means of preventing conflict through consensus and compromise. Chief among these is the jirga, of which each of Afghanistan's main groups, Uzbeks, Tajiks, Pashai, Hazaras and Baloch, has its version. By one estimate, jirgas settle over 95% of Afghanistan's disputes, civil and criminal. The figure for northern Pakistan is perhaps only slightly lower. This is not just because the regular courts are incompetent and corrupt (Afghanistan's were recently reformed by Italy). It is because, given high levels of illiteracy, many Afghans and Pakistanis find it easier to understand unwritten customary law, in Pushtu called narkh. And, where authority is contested by a well-armed citizenry, the jirga's verdicts, delivered with the warring parties' consent, tend to be more enforceable than off-the-peg legal or Islamic judgments.

**“Their system of ethics, which regards treachery and violence as virtues rather than vices...is incomprehensible to a logical mind”—Churchill**

A juddering two-hour drive from Peshawar, at Jamrud, in Khyber Agency, a 60-strong jirga recently settled half a dozen cases in a day—more than a bent Pakistani magistrate might manage in a week. Two disputes over money and property, including one involving the murder of five people, were ended with compromises. A dispute over a murderer who had been given sanctuary by a neighbour was postponed, pending deliberation from the spingeeri—literally, white-beards—who make up the jirga on a forerunning series of killings. A man accused of “adultery”, of rape in fact, was told to pay 1m Pakistani rupees ($16,500) to his victim's family; he may thank his stars he had lived so long.

AFP

Among the spingeeri sat Adam Khan Afridi, who had himself been judged shortly before. For 25 years he squabbled with a cousin over which of them would inherit an uncle's lands, until Mr Khan killed his cousin and his cousin's sons and grandson. Then he killed their uncle. This was excessive, Mr Khan conceded; he had committed the crime of miratha—annihilating every male in the rival camp. The jirga decreed that two of Mr Khan's houses be destroyed, and fined him 500,000 rupees. He thought this harsh.

Jirgas do even greater service, as with the Marwat and the Bhattani, in ending tribal wars. On a chill recent morning in Kabul, your correspondent sat with a jirga convened to settle a dispute between two nomadic clans of the Siddiquekhail, a sub-tribe of the powerful Pushtun Ahmedzai. In 1980, a 17-year-old youth of one the clans, named Babur, disappeared while travelling through Pakistan with members of the other; then in 1992, a 60-year-old shepherd of the second clan was found murdered, allegedly killed with an axe by an uncle of Babur.

Previous attempts to settle the dispute had foundered in part on a deposit of $10,000 that each tribe had been asked to lodge with the jirga, with a vow to abide by its decision. “It is time for this feud to end,” said Haji Naim Kuchi, the chief mediator, or narkhi, and member of a different Ahmedzai clan. “You should be at home sleeping with your wives, not plotting to kill each other!” Mr Kuchi, who is famed for his deep knowledge of customary law, asked the feuders to “place a stone” on their dispute—to suspend hostilities while the jirga sat. “We all know that if this continues many men will die before you return to the jirga,” said Mr Kuchi, who had been released from American custody shortly before, after three years' imprisonment without trial in Guantánamo Bay.

To settle disputes, Mr Kuchi has two main options. He can order a guilty party to compensate its victim with cash, a practice known as wich pur, “dry debt”, or he can order the two parties to exchange women,

or lund pur, “wet debt”. By binding the antagonists together—just as in medieval European diplomacy—lund pur is considered more effective. Typically it involves exchanging a 15-year-old, a ten-year-old and a five-year-old girl, to be married into three succeeding generations of the enemy clan. Thereby, and though human-rights groups understandably revile the practice, Pushtuns have peace and happy grandfathers. “Blood cannot wash away blood,” runs a Pushtu proverb. “But blood can be turned into love.”

## In a land far, far away

If Pushtunwali is about more than killing, its strictures are still remarkably unforgiving. Many Tajiks, like Pushtuns, would die before they suffered a slight. But, unlike Pushtuns, they do not fear their peeved neighbours to the extent of living in castles. A recent European Union analysis of jirgas in eastern Afghanistan found that elopement was the crime most often heard by Pashai jirgas, but Pushtun jirgas rarely considered it. That could be because few Pushtun lads and lasses elope or, more likely, because they are more likely to be killed when they do. What makes Pushtunwali so durable and so harsh?

One reason is remoteness. At the confluence of civilisations, between Central Asia, ancient Persia and India's plains, Afghanistan has been contested by marauding armies and strange traders for millennia. A ruined capital, or two, lies buried in most of its 34 provinces, and each has left its trace in the languages and traditions of today. Pashto, for example, is believed to have originated in Bactrian, the language spoken by Greek descendants of Alexander the Great. And yet the wildest Pushtun places, especially along the lofty border where the strictest Pushtunwali is practised, have been relatively untouched by outsiders for centuries. Waziristan, in Pakistan's semi-autonomous tribal area, has never been held by any foreign power.

Another reason for Pushtunwali's rude health lies in the nature of Pushtun society. Once rulers of Delhi, in the ranks of the Mughal emperors, and never vanquished for long, Pushtuns consider their society every bit as superior as Winston Churchill considered his. And it is defined by Pushtunwali: there is no Pushtun nation or, in fact, ethnicity. A Pushtun is simply someone who speaks Pushtu and who therefore follows the tribal code: Pushtunwali literally means to “do Pushtu”.

A third factor promoting Pushtunwali is one of its most appealing features, egalitarianism. Leadership among Pushtuns is rarely inherited. It is more often bestowed by a jirga on merit. Even then, the most elevated Pushtun elder dares not condescend to another man of his tribe. When lunch is served at a Pushtun feast, with tasty dishes of mutton, raisins and rice, there are no servants, but servers, of equal status to host and guests. Where a good name is the cost of social inclusion, Pushtuns will fight to keep it so.

It is above all this political function that makes Pushtunwali so resistant to change; but it is not unchanging. Pushtun tribes constantly update their code. Three years ago, the Mangals of Paktia ended a practice of revenge-taking by proxy, whereby a weak man had only to slaughter a sheep outside the house of his stronger neighbour to make him accept his blood-debt. “We were doing too much killing,” explained Sandaygul, the Mangal in Gardez.

**Compensation typically involves exchanging a 15-year-old, a ten-year-old and a five-year-old girl, to be married into three succeeding generations of the enemy clan**

More traumatic change to the code has come from external pressures. In urban places, where the Pakistani and Afghan states somewhat function, aspects of Pushtunwali have been jettisoned; jirgas of the Kasi tribe, which is based in the Pakistani city of Quetta, rarely meet. More powerful opposition has come from political Islam, which seeks to replace the authority of the jirga with the mullah, customary law with Islamic sharia.

AFP

Over the past millennium or so, the Pushtuns' religious and tribal codes have roughly co-existed. As a mark of a time-honoured accommodation, Pushtun elders and mullahs often insist there is no contradiction between the two prerogatives. “The sharia and jirga systems are not opposed,” said Maulvi Sayeed, a member of the Muslim council, or shura, in Kandahar, capital of southern Afghanistan. “To solve a problem through the use of a shura, a council, is the aim of both. The jirga is not against sharia law. If there has been a murder then the aim is to satisfy the relatives of the victim,” said the mullah, seated cross-legged amid stacks of religious texts, with a vast white turban atop his grizzled head.

In fact, sharia courts, which in Afghanistan are often indistinguishable from regular courts, are an alternative to blood-feuding and jirgas. Like jirgas, they can urge the victims of a crime to settle the matter through compensation. But where this is rejected, the courts can issue death sentences, or other harsh penalties, which jirgas do not. A plaintiff who is unhappy with a jirga's verdict may seek an alternative ruling from a sharia court. According to Maulvi Sayeed: “If the brother of a man who has been murdered does not agree to forgive his killer according to the jirga, then he can go to the sharia court. If the murder was unjust then the sharia court will say that the killer has to be killed.”

Another big difference between the codes is in their treatment of women. In sharia law, there can be no exchange of women as a means to end disputes, and women are guaranteed some rights of inheritance—unlike in Pushtunwali. Nor does sharia law recognise the Pushtun habit of wife inheritance, wherein a widow is forcibly married to her dead husband's brother or cousin. “Such things happen when people are uneducated,” sniffed Maulvi Sayeed. “We don't oppose the system of tribal elders but they must follow the way of Islam. They can convene jirgas and dispense the law, but the law must be that of sharia.”

Though fiercely religious, Pushtuns have mostly preferred their leaders and law to be tribal. The great exception has been in times of duress, when a standard is needed to rally their fractious tribes and sub-tribes: then they have tended to hoist the flag of jihad. Of the 19th-century Masood tribe of Waziristan, Sir Olaf wrote that they wanted “at all costs to resist subjection and to preserve their own peculiar way of life. To attain this end they were always prepared to make use of adventitious aids such as appeals with a pan-Islamic flavour.”

Thus the jihad launched in the 1980s against Soviet invaders united all Afghan tribes. It was generously backed by Saudi Arabia and America and given sanctuary by Pakistan, which was home to 3m Afghan refugees. Yet still its Pushtun leaders found it necessary brutally to suppress their tribal peers, terrorising the refugee camps and murdering the jirga-leaders who defied them there.

In the early 1990s, after the Soviets had been driven out and the former jihadist chiefs were fighting a civil war, Pushtuns again rallied around Islam. A band of Ghilzai Pushtuns near Kandahar, led by a mullah named Omar, backed by Pakistan and calling themselves the Taliban, raised the black flag. Gushing with Islamist zeal, Pushtun youths rushed to join them as they swept the feuding militias away.

But once the Taliban restored order to most of Afghanistan, Pushtuns began recoiling against their rulings. Their public executions and other outrages to public decency were anathema to them. So too when the Taliban—despite their celebrated chauvinism—outlawed wich pur and advocated female inheritance. No wonder if the lives of the vast majority of Afghan women have not eased since the Taliban were bombed from power.

AP

For two years after their demise, the Taliban were not mourned in Afghanistan. But since then an insurgency has gathered pace. It is not quite clear what is driving it. An exploding opium harvest, which is providing cash for the Taliban and a reason for Pushtun farmers to keep the government away, is one reason. Another, as Sir Olaf might have foretold, is the response of the most remote and traditional Pushtuns to a foreign invasion.

In late 2001, thousands of Taliban and several hundred Arab and Central Asian followers of Osama bin Laden poured into northern Pakistan's tribal areas—including Waziristan, home of the Masood. To hunt them, and in a bid to save Western troops in Afghanistan from the same cross-border insurgency that hobbled the Soviet Union, Pakistan sent 80,000 troops into the tribal areas.

Alas, they have achieved the very opposite effect of that intended. Calling themselves the Pakistan Taliban, fighters of Waziristan's main tribes have rallied against the army, killing several hundred soldiers. As in the former refugee camps, jihadist assassins have killed several hundred Pushtun elders, ensuring that sharia, not Pushtunwali, is the law.

If history is any guide, many Pushtuns in northern Pakistan and southern Afghanistan will continue their drift to Islamist militancy until they are defeated, which looks impossible, or the Pakistani and Western forces are withdrawn. They are then likely to return to their simmeringly murderous tribal ways. That would be better than the current mess. But it would also leave millions of people outside the writ of Pakistan and Afghanistan. If either state is to succeed, the alternative writs of Pushtunwali and jihadist Islam will have to wither. But that will not be soon.

**If history is any guide, the Pushtun will continue their drift to Islamist militancy until they are defeated, which looks impossible, or the outside forces are withdrawn**

To imagine quite how long it may take, consider Nakband. It is a suburb of Peshawar, the most developed Pushtun city, a mere two-hour drive from Pakistan's smart capital of Islamabad. Yet it is little different from the craggy and forbidding tribal areas, where Pakistan's constitution does not apply. Nakband's inhabitants have no state services except the electricity they steal from the mains. There is no half-serious hospital for 20 miles. Pushtunwali, with a sprinkling of the Koran, is the law in Nakband. Blood-feuding, as marked by the ratchet of gunfire in the unbroken gloom of night, is routine. The government makes no effort to intervene in these disputes. Combing his long black hair beside a baked-mud road, a resident of Nakband said that, in theory, the city police were free to enter his suburb. But the locals had not permitted them to do so, so far as he could recall, since 1998.

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The art of conversation

# Chattering classes

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**The rules for verbal exchanges are surprisingly enduring**

Bridgeman

SIR ISAIAH BERLIN, a Latvian-born Oxford philosopher who died in 1997, may well have ranked among the greatest conversationalists who ever lived. According to Robert Darnton, a Princeton historian, Berlin's friends would “watch him as if he were a trapeze artist, soaring through every imaginable subject, spinning, flipping, hanging by his heels and without a touch of showmanship”. Darnton reckoned that Berlin's only match in relatively modern times might have been Denis Diderot, an 18th-century French Enlightenment philosopher. By one account Diderot's conversation was “enlivened by absolute sincerity, subtle without obscurity, varied in its forms, dazzling in its flights of imagination, fertile in ideas and in its capacity to inspire ideas in others. One let oneself drift along with it for hours at a time, as if one were gliding down a fresh and limpid river, whose banks were adorned with rich estates and beautiful houses.”

Churchill was another magnificent talker, perhaps the greatest of the 20th century, but often a poor listener. Virginia Woolf was given, in the words of one biographer, to “wonderful performances in conversation, spinning off into fantastic fabrications while everyone sat around and, as it were, applauded”. A short list of the greatest living conversationalists in English would probably have to include Christopher Hitchens, Sir Patrick Leigh Fermor, Sir Tom Stoppard, Studs Terkel and Gore Vidal.

Great brilliance, fantastic powers of recall and quick wit are clearly valuable in sustaining conversation at these cosmic levels. Charm may be helpful too—although Samuel Johnson, one of the most admired conversationalists of 18th-century England, seemed to manage without much of it. For those of more modest accomplishments, but attached to conversation as one of life's pleasures and necessary skills, there is a lively market in manuals and tip-sheets going back almost 500 years, and a legacy of wisdom with an even longer history. One striking thing about the advice is how consistent it remains over time, suggesting that there are real rights and wrongs in conversation, not just local conventions.

The principle that it is rude to interrupt another speaker goes back at least to Cicero, writing in 44BC, who said that good conversation required “alternation” among participants. In his essay “On Duties”, Cicero remarked that nobody, to his knowledge, had yet set down the rules for ordinary conversation, though many had done so for public speaking. He had a shot at it himself, and quickly arrived at the sort of list that self-help authors have been echoing ever since. The rules we learn from Cicero are these:

speak clearly; speak easily but not too much, especially when others want their turn; do not interrupt; be courteous; deal seriously with serious matters and gracefully with lighter ones; never criticise people behind their backs; stick to subjects of general interest; do not talk about yourself; and, above all, never lose your temper.

Probably only two cardinal rules were lacking from Cicero's list: remember people's names, and be a good listener. Each of these pieces of advice also has a long pedigree. At a pinch you might trace the point about names back to Plato. Both found a persuasive modern advocate in Dale Carnegie, a teacher of public speaking who decided in 1936 that Americans needed educating more broadly in “the fine art of getting along”. His book “How to Win Friends and Influence People” is still in print 70 years later and has sold 15m copies. To remember names, and to listen well, are two of Carnegie's “six ways to make people like you”. The others are to become genuinely interested in other people; smile; talk in terms of the other person's interests; and make the other person feel important.

Cicero's rules of conversation seem to have been fairly common across cultures as well as time, if varying in strictness. It might reasonably be said that Italians are more tolerant of interruption, Americans of contradiction and the English of formality, for example. These rules of conversation also intersect with those of politeness more generally, as formulated by two American linguists, Penelope Brown and Steven Levinson, the pioneers of “politeness theory”.

## Courtesy counts

The Brown and Levinson model says, roughly speaking, that Person A probably does not want to be rude to Person B, but in the way of things, life may sometimes require Person A to contradict or intrude on Person B, and when that happens, Person A has a range of “politeness strategies” to draw on. There are four main possibilities, given in ascending order of politeness. The first is a “bald, on-record” approach: “I'm going to shut the window.” The second is positive politeness, or a show of respect: “I'm going to shut the window, is that OK?” The third is negative politeness, which presumes that the request will be an intrusion or an inconvenience: “I'm sorry to disturb you, but I want to shut the window.” The fourth is an indirect strategy which does not insist on a course of action at all: “Gosh, it's cold in here.”

The first three of those options are plain instrumental speech, and are the sort of approaches that the conversation manuals warn you against. The fourth one alone leads into the realm of conversation as such. Here the purpose of speaking is not so much to get a point across, more to find out what others think about it. This principle of co-operation is one of the things that sets conversation apart from other superficially similar activities such as lectures, debates, arguments and meetings. Other qualities which help to define conversation include the equal distribution of speaker rights; mutual respect among speakers; spontaneity and informality; and a non-businesslike ambience. The last of these was well caught by Johnson when he defined conversation as “talk beyond that which is necessary to the purposes of actual business”.

If conversation, and politeness, do have common features across time and culture, it is not all that surprising that newer manuals will find little to add in terms of fundamental principles. They can, however, offer specific tips which are useful in the right circumstances, and these, too, change little with the years. “Never recount your dreams in public,” wrote the anonymous author of “Maximes de la Bienséance en la Conversation”, one of the first manuals of conversation published in France, in 1618. Margaret Shepherd, author of “The Art of Civilized Conversation”, a manual published in America in 2006, offers the same prohibition. Among the ill-judged remarks that she calls “saboteurs of small talk”, she includes “self-absorbed comments like ‘I had the strangest dream. You were in it. Uh, let me try to remember it’.”

The more modern the manual of conversation, the more concrete its advice is likely to be. Ms Shepherd offers seven quick ways to tell if you are boring your listeners, which include: “Never speak uninterrupted for more than four minutes at a time” and “If you are the only person who still has a plate full of food, stop talking.” Her checklist of things best not said to the parent of a newborn baby should be memorised for future use. It comprises: “What's wrong with his nose?” “Should he be that colour?” “Isn't he awfully small?” “Shouldn't you be breast-feeding?” “Did you want a boy?” “Is he a good baby?” “He looks like Churchill!/She looks like ET!” “It's really cute!”

It is easy enough to see the usefulness of such tips, but they capture none of the joy which comes from the mastery of conversation. For enthusiasts conversation is an art, one of the great pleasures of life, even the basis of civilised society. Mme de Staël, a great talker and intellectual of the French *ancien*

*régime*, called conversation “a means of reciprocally and rapidly giving one another pleasure; of speaking just as quickly as one thinks; of spontaneously enjoying one's self; of being applauded without working... [A] sort of electricity that causes sparks to fly, and that relieves some people of the burden of their excess vivacity and awakens others from a state of painful apathy”.

The Athens of Socrates and Plato, in the 5th and 4th centuries BC, is often seen as home to a first golden age of conversation. That view has relied mainly on the writings of Plato, whose dialogues, often with Socrates as speaker, constitute “a search among friends...for the divine ideas of the true, the beautiful, the good”, says a modern French scholar, Marc Fumaroli.

The second golden age of conversation, among the French elites in the late 17th and early 18th centuries, is much better documented. Historians associate the rise of conversation at this time with the prestige enjoyed by women in French high society, which was perhaps unique in Europe before or since. Women ran the salons where the culture of the time was created, and their presence civilised the men they invited there. Another factor was the leisure forced on the French aristocracy by an absolute monarchy. Their political ambitions thwarted, the upper classes turned their energies towards entertaining themselves. A man without conversation was liable to find himself devalued, whatever his other qualities: “In England it was enough that Newton was the greatest mathematician of the century,” wrote Jean d'Alembert, a French philosopher and mathematician; “in France he would have been expected to be agreeable too.”

Bridgeman

**Old French masters**

The conversation of the French salons and dinner tables became as stylised as a ballet. The basic skills brought to the table were expected to include *politesse* (sincere good manners), *esprit* (wit), *galanterie* (gallantry), *complaisance* (obligingness), *enjouement* (cheerfulness) and *flatterie*. More specific techniques would be required as the conversation took flight. A comic mood would require displays of *raillerie* (playful teasing), *plaisanterie* (joking), *bons mots* (epigrams), *traits* and *pointes* (rhetorical figures involving “subtle, unexpected wit”, according to Benedetta Craveri, a historian of the period), and, later, *persiflage* (mocking under the guise of praising). Even silences had to be finely judged. The Duc de La Rochefoucauld distinguished between an “eloquent” silence, a “mocking” silence and a “respectful” silence. The mastery of such “airs and tones”, he said, was “granted to few”.

Conversation was also flourishing across the channel in the early 18th century, but for a different reason. This was the golden age of the British coffee house. Whereas the French salon excluded politics from polite conversation, in the British coffee house politics was a main preoccupation. Foreign visitors remarked both on the free range of speech there and on the mingling of classes and professions. A modern German sociologist, Jürgen Habermas, linked the coffee houses with what he called the “rise of a public space” outside the control of the state, or, as we might say now, civil society.

But if British liberals were keen on free speech, they were much less preoccupied than their French contemporaries were with its forms and flourishes. Dr Johnson was considered so great a talker that a contemporary compared his conversation to Titian's painting. But he also could sit stonily silent through a dinner that bored him, or contradict and interrupt in defiance of all common etiquette. Even Boswell, his devoted note-taker, acknowledged his “dogmatic roughness of manner”.

Bridgeman

## Strong and silent

Johnson was far from the only Englishman to have matched a love of conversation with a reputation for occasional difficult silences. As he himself said: “A Frenchman must always be talking, whether he knows anything of the matter or not; an Englishman is content when he has nothing to say.” In his book “Democracy in America”, Alexis de Tocqueville refers to the “strange unsociability and reserved and taciturn disposition of the English”. But for Charles

Dickens, another foreign visitor to America in the 19th century, it was the Americans who seemed taciturn. He blamed this on a “love of trade”, which limited men's interests and made them reluctant to volunteer information for fear of tipping their hand to a competitor. The idealisation of silence remained strong in American culture into the 20th century: think of the laconic heroes of Western films, or of Hemingway's novels.

More recently it has been neither trade nor taciturnity, but the distractions of technology, which have seemed to threaten the quality of conversation. George Orwell complained in 1946 that “in very many English homes the radio is literally never turned off. This is done with a definite purpose. The music prevents the conversation from becoming serious or even coherent.” The television attracted similar comment when it became commonplace two decades later.

In 2006 an American essayist, Stephen Miller, published a book called “Conversation: A History of a Declining Art”, in which he worried that “neither digital music players nor computers were invented to help people avoid real conversation, but they have that effect.” A reviewer of Mr Miller's book found it “striking” that past generations would “speak of conversation as a way of taking pleasure, much as a modern American might speak of an evening spent browsing the internet”.

Bubbles

**Still talking**

Conversation has survived worse challenges (Johnson thought it might be killed by a return of religious zealotry), and it will doubtless survive more. For evidence that it thrives still, go into any smart New York restaurant, where the noise level will be deafening. Or go into a Barnes & Noble or Borders bookshop and look at the shelves of manuals on how to talk better. Most of them are aimed at people who want to talk more persuasively and engagingly in order to get on in their careers, not at people who want to engage in conversation for the sheer pleasure it affords. But these motivations are far from exclusive. Making friends and influencing people, to borrow the language of Dale Carnegie, amount in the end to much the same thing. Both of them require charm, courtesy and the desire to understand the ideas and opinions of others. And whatever the strategic objective, those will never be bad tactics.

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Cured meat

# Feet in the trough

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From The Economist print edition

**The oldest method of preservation, and the best**

ABPL

CATO the Elder may have served Rome as *quaestor*, *aedile*, *praetor* and *consul*, but he came from an ancient plebeian family in the Sabine region. His ancestors were called Porcius, and his only complete surviving work, “De Agricultura”, is a farming manual in which he pays tribute to his family origins with this recipe: “After buying legs of pork, cut off the feet. One-half peck ground Roman salt per ham. Spread the salt in the base of a vat or jar, then place a ham with the skin facing downwards. Cover completely with salt. After standing in salt for five days, take all hams out with the salt. Put those that were above below, and so rearrange and replace. After a total of 12 days take out the hams, clean off the salt and hang in the fresh air for two days. On the third day take down, rub all over with oil, hang in smoke for two days...take down, rub all over with a mixture of oil and vinegar and hang in the meat store. Neither moths nor worms will attack it.”

This may be an attempt to replicate the flavour of the hams smoked over juniper and beech that Roman gourmets imported from Germania, says Mark Kurlansky in his book “Salt”. Though Cato's recipe is among the first, the technique of salting and drying meat predates the Romans (who may have learnt it from the Gauls and Celts), and existed in cultures in the Far East who had no direct contact with Rome. Tracing the history of this method of preservation means tracing the history of man as a carnivore once he had graduated from living hand-to-mouth. Today—at least in rich countries, where refrigerators and supermarkets are ubiquitous—the need for these methods of preservation has faded. Also arrayed against this venerable culinary tradition are bureaucrats who see salmonella and botulism spreading everywhere; growing concern about eating too much fat and salt; and the industrialisation of the meat industry, whose ersatz sausages and hams can be sold more cheaply than the real thing. Yet the taste remains.

Given the simplicity of the ingredients—meat, salt, air and time, with smoke, seasonings and water as optional extras—it is not surprising that the art of salting and curing was perfected in many cultures long before the chemical rationale for it was discovered. Briefly, salting preserves animal proteins by inhibiting microbial growth; it does this by dehydrating both the flesh itself and cells in the moulds and bacteria that feed on it, either ending or drastically slowing their growth, which unchecked would cause the meat to spoil.

Salt can be rubbed into the meat, as advised by Cato, or the meat can be submerged in a brine in which the salt has been dissolved. Brined or pickled meat often has to be cooked or soaked, because wet cures permeate the flesh more thoroughly and the meat would otherwise be too salty to eat. The meat is then hung up to dry, either in fresh air or in smoke, which is itself a complex material made up of hundreds of components, including carcinogens, which inhibit microbial growth; phenolics, which retard fat oxidation; and an array of sugars, acids and particulates that colour and flavour the meat. Unfortunately what is bad for microbes can be harmful to humans too: excessive consumption of smoked and cured meats has been linked to several types of cancer, though unconscionable amounts would have to be eaten to pose much of a risk.

Traditionally, western Europeans smoked meat over alderwood, though oak and beech are becoming more prevalent. North Americans tend to use hickory, mesquite, pecan, apple or cherry. Woods with

heavy concentrations of resin, such as pine and fir, are unsuitable for smoking, because the resin tends to flare and produce too much soot and tar.

There also is a distinction between hot-smoking, in which meat is, in effect, cooked in a smoky oven, and cold-smoking, in which salted or brined meat is exposed to smoke but not heat. In hot-smoking, the muscle's filament proteins uncoil and coagulate; in cold-smoking they remain coiled but microbe-free. Thus a hot-smoked leg of pork is, like roast pork, a knife-and-fork food. Cut thinly and with the grain, a salted, cold-smoked leg of pork—such as western Europe's *prosciutto*, *jambon cru*, *jamón* or *Schinken*, Appalachian America's country ham or China's Yunnan ham—retains the silky texture of the raw meat. Heat transforms; salt, smoke and wind preserve.

## Travellers' fare

These hams were the food of settled communities: a pig's leg weighs at least 15lb (7kg). Travellers' salted meats were altogether more basic. The English word “jerky” for dried meat is derived from the Quechua word *charqui*, and archaeological evidence shows that the Incans sliced and salted meat surplus to requirements, then left it to dry in the wind and sun. The cowboys of America's Wild West did much the same. In the sun fresh meat could take a full day to dry out; today the sliced, spiced, brined meat rolls on nylon screens through a drying oven with fans and exhaust pipes to draw out moisture, reducing the drying time to a few hours. And if only a few years ago jerky seemed an old-fashioned kind of food, the carniphilia inspired by the Atkins diet has given it a new life.

Ships sailed from European ports with casks full of salt pork. Cut from the fatty belly of a pig, like bacon, salt pork requires blanching to render it edible. Salted for a fortnight, it could last for two years in a cold climate. Today cooks use it mainly for flavouring: we still have a taste for it, and although fatback or salted hock could substitute for it in most recipes, there is something pleasantly archaic about it—even if it was formerly a byword for deprivation at sea, rather like scurvy. Listen in on the reunion between two former shipmates—a wealthy reformed criminal and a poor, bitter shipmate—in the Sherlock Holmes thriller “The Gloria Scott”: “Why, it's 30 year and more since I saw you last,” sneers Hudson, the mate, strolling onto the expansive estate of his old rival. “Here you are in your house, and me still picking my salt meat out of the harness cask.”

Hudson could well have been eating salt meat while fishing for something else to salt: cod, which fuelled the economies and the maritime explorations of much of northern Europe between the 15th and 19th centuries. Although Norwegian sailors caught cod off their coast as early as the 10th century, it was not until 1497, when John Cabot discovered Newfoundland and the seemingly inexhaustible fish stocks around its banks, that salt cod became an important cash crop. The Portuguese, who had been selling salt to Scandinavia since the 12th century, quickly set up cod-fishing outposts in Newfoundland, and salt cod became deeply ingrained in Iberian culinary culture (both Spanish and Portuguese use the same word for “cod” and “salt cod”: (*bacalao* and *bacalhau*, respectively). Spain and Portugal, which remained Catholic as the Nordic countries turned Lutheran, needed fish for Fridays and fasting days, and salt cod travelled well, even to Iberia's mountainous and inaccessible interior. Cod stocks in the north-west Atlantic have fallen by 96% in the past 150 years, causing the price to jump and consumption to drop, but the Portuguese still refer to it as *fiel amigo* (faithful friend). A famous Portuguese cookbook of the early 20th century contains 365 salt-cod recipes, one for every day of the year.

ABPL

Preserving fish works on the same principle as preserving pigs. The cod are gutted, heavily salted and packed in barrels. As the salt leaches the water from the fish, they sit in a self-created brine, then are hung up to dry.

Smoked salted salmon, called *lox* in Yiddish, was as central to the eastern European Jewish diet as cod was to the Portuguese, and for many of the same reasons: its abundance in German waters made it cheap; salting made it transportable to inland regions; and fish's neutral status in Jewish dietary laws meant the faithful did not have to worry about how and by whom it was killed and prepared.

Except for some factory-produced smoked meats, most of which are also cooked for extra safety and durability, curing and smoking methods for meat and fish remain largely unchanged. Sailors who brought salt from the Adriatic Sea and up the Po river to Parma in the

eighth century would be paid either in money or in ham. Parma remains the world's most famous producer of cured hams, thanks to a strong agricultural tradition, pigs that become fat and tasty on a diet of cheese rinds (Parma's local cheese, Parmesan, is just as renowned as its ham), and a choice location in the Po Valley, with the temperate climate and consistent dry winds that are ideal for air-drying meat.

**Made of pork, salt, air and time**

The artisans themselves also continue to use the same methods they have always used. At some point after the second world war, as food production across Europe became industrialised, making hams in the traditional labour-intensive manner ceased to be a necessary way of life and became a wonderfully tasty two-finger salute to all the boiled, pink, anaemic, mealy, tasteless hams sitting on supermarket shelves and in refrigerated cabinets.

Curing meat celebrates heterogeneity like no other culinary process. McDonald's manages to make hamburgers that taste the same from Cape Town to Novosibirsk; cured meats, with almost identical ingredients from region to region, taste wildly different. Italy produces six *denominazione di origine controllata* varieties of *prosciutto*, all of which are made from the whole leg of a pig, salt and perhaps a bit of sugar or spice. But by virtue of the airborne yeasts and moulds native to the particular region, variations in humidity, temperature and air quality, the diet and care of the pigs and the storage of the resulting hams, each of them tastes and feels quite different from the rest. The only other product for human consumption that varies so greatly from one area to another is whisky, which also relies on tradition, fanatical attention to detail and environmental alchemy. Just as Suntory can buy all the disused stills it wants, mimic the chemical and mineral composition of Scottish water and still produce something completely different from a Highland single malt, so a *prosciutto* from Parma will be softer, pinker and milder than a *prosciutto* from Modena, and a Lyonnais *saucisson* will have a tang that a *salame Piacentino* lacks.

Dry-curing sausages, however, as opposed to whole hams, introduces another element beyond desiccation: fermentation. The interior of a raw ham, having never been exposed to the air, remains relatively sterile; sausages, which are composed of ground (and therefore aerated) meat, along with added fat and seasonings, require an acid to kill bacteria from the inside out, and salt that dries microbes from the outside in. Dried air-cured sausages have as venerable a pedigree as *prosciutti*: the Romans learned the craft from the Lucanians, a tribe in what today is Basilicata, in southern Italy. The tribe's name persists in dry-cured sausages across the Mediterranean: the Greek *loukanika*, Spanish *longaniza*, Italian *luganega* and Portuguese *linguica*.

The traditional acid of choice is wine, though many sausage-makers today use a dried, powdered strain of lactic-acid-producing bacteria that kill listeria and other nasty bugs. As they multiply, these bacteria produce sodium nitrite, which protects against botulism, a lethal form of food poisoning whose name derives from the Latin word for sausage (*botulus*). They also inhibit mould growth on the inside of a sausage, but allow beneficial and tenderising white mould to grow on the outside.

Still, both types of mould—as well as a whole host of bacteria, both harmful and helpful—are present in the air, and figuring out how to court one and kill the other is a matter of experience and careful attention. In the 15th century Bartolomeo Sacchi, a writer from the Po Valley town of Cremona, suggested testing the quality of a ham thus: “Stick a knife into the middle of a ham and smell it. If it smells good, the ham will be good; if bad, it should be thrown away.”

The smell-test remains standard and reliable practice, both for whole-muscle cuts such as *prosciutto* and for dry-cured sausages such as traditionally made salami or *saucisson*. A trained nose can tell the difference between the funky, vegetal smell of healthy curing or fermentation and the rotting stink of decay and spoilage, just as a trained eye can tell the difference between the healthy white mould on the exterior of a sausage, which protects it from bacterial contamination and tenderises the meat, and the furry blue moulds that can grow inside the casing and spoil the sausage.

But a trained nose is an expensive one, and one whose perceptions do not easily translate into the language of “kill stages” and “hazard analysis and critical control points” spoken by inspectors in food-safety agencies. Michael Ruhlman, an American author of an excellent book on home curing, complains that “the problem is the government has no real knowledge of how this works.” This is because agricultural departments were created, in large measure, to oversee industrial-sized concerns, whereas meat-curing, which depends on individual expertise, is necessarily done on a smaller scale.

## The wrong cure

Over the past century or so, as food production in the West, but particularly in Britain and America, has become more industrialised and the population has become more urban, cured and dried products have become scarcer. The salami or *chorizo* you buy in a supermarket will probably have been cooked or irradiated rather than cured, which is a less foolproof method of killing pathogens. Other reasons for the decline in proper meat-curing include the disappearance of the neighbourhood butcher; the downward trend in meat consumption; and, in the United States, the assimilation of the European immigrants who originally brought their sausage-making traditions with them—particularly the Italians, but also the Hungarians, Polish and Portuguese.

Americans with a taste for imported sausages cannot easily indulge it. Anyone wanting to export cured meat to the United States must have a representative from the United States Department of Agriculture at the site of production and must follow the same stringent procedures that have been felling American sausage-makers. Producers must keep voluminous logs on everything from the temperature of the storage room—measured and recorded every four hours—to the meat products' pH level, the proportion of water in dry-cured sausages and the cleanliness of their employees' shoes and clothing.

*Jamón ibérico*—without question the most glorious use to which a pig can be put on this planet—has not been legally available in the United States until now, but will become so from 2007 because the Department of Agriculture has at long last decided that the methods used by Spanish artisans for millennia are unlikely to poison American citizens. Stealthy Americans have always stowed sausages in their luggage when returning from European holidays, but customs inspections are surprisingly frequent and intrusive. Confiscated products are usually eaten, as they should be: your correspondent, returning to Washington from southern France, tried to hide a couple of *saucissons de Lyon* in his luggage, which made a policeman's German shepherd dog very happy.

**There really is no comparison between an artisan-made sausage and a shrink-wrapped salami on a supermarket shelf**

Ardea

Whatever one may think of the benefits or detriments of agricultural and culinary industrialisation, it seems clear that it has contributed a lot of dull-tasting products. Given a choice, eaters vote with their palate: there really is no comparison between an artisan-made sausage pulled down from a butcher's ceiling and a shrink-wrapped salami on a supermarket shelf. The proper stuff is gaining ground, but it has become a luxury item, appealing to taste and refinement rather than convenience or economy.

Paul Bertolli, the grandson of an Italian butcher, used to run Chez Panisse, one of America's most celebrated restaurants. In March he threw in his chef's whites to start a business making hand-crafted, dry-cured sausages. He now goes through 35,000lb of pork a month, producing beautiful sausages that rival anything found from Italy's thigh to its toe. Having studied with the itinerant Tuscan sausage-makers, the *norcinos*, he realised he could replicate their art in California's East Bay, which has a similar climate. The success of an annual “nose-to-tail” dinner he held at his restaurant, featuring plenty of his home-cured products, persuaded him that “there might be a real void in the market for these products I loved as a kid,” he explains. “The traditions were sort of getting lost under Department of Agriculture regulations.”

Bertolli, like other romantics that transform raw flesh into something melting and rich with little more than salt, air and time, do not follow tradition for its own sake, but because it produces something

extraordinarily delicious. And that tradition, like the meat it produces, is something that neither moths nor worms can spoil.

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**Russian airports**

# Kama Sutra and feral cats

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**To understand contemporary Russia, consider its airports**

Illustrations

WORKING as a journalist in Russia, with its eleven time zones, its endless steppe and perpetual taiga, means spending a lot of time in the air. It involves flying in planes so creaky that landing in one piece is a pleasant surprise —then disembarking in airports so inhospitable that some visitors may want to take off again immediately.

But, if he has the strength, beyond the whine of the Tupolev engines and the cracked runways, a frequent flyer can find in Russia's airports a useful encapsulation of the country's problems and oddities. In their family resemblances, Russia's airports show how far the Soviet system squeezed the variety from the vast Russian continent; in their idiosyncrasies, they suggest how far it failed to. They illustrate how much of that system, and the mindset it created, live on, 15 years after the old empire nominally collapsed. Russia's awful, grimy, gaudy airports reveal how much hasn't changed in the world's biggest country—but also, on closer inspection, how much is beginning to.

**Sheremetyevo**: Landing at Moscow's Sheremetyevo airport, first-time visitors may be unnerved to see their more experienced co-passengers limbering up, as if for a football match or gladiatorial combat. When the plane stops taxiing, or before, the Sheremetyevo regular begins to run.

Sheremetyevo is war. The international terminal was built for the 1980 Olympics, to showcase the Soviet Union's modernity; now it recalls the old regime's everyday callousness (the anarchic domestic terminal is even worse). On a bad day, the queue at passport control stretches almost to the runway.

The Sheremetyevo virgin soon meets the various species of Moscow queue-jumper: the brazen hoodlum; the incremental *babushka*; the queue-surfing clans who relocate in groups when one of their number reaches the front. The immigration officer—usually sporting peroxide blond hair, six-inch heels and an abbreviated skirt—offers an early insight into Russian notions of customer service. Reflecting the country's neo-imperialist confidence, the immigration form was for most of this year available only in Russian ("distributed free", it says, in case anyone is tempted to pay).

As with most Russian problems, cash can mitigate the Sheremetyevo ordeal: beautiful girls meet VIPs at the gate and escort them straight to the counter. If he passes customs unmolested, the visitor emerges into a crush of criminal-looking taxi drivers. If, as it will be, the traffic is bad on Leningradskoe Shosse, the road into town, the driver may try to ingratiate himself by driving on the pavement; a 50-rouble backhander will settle things if the police pull him over. On his return to Sheremetyevo, to reach his departure gate the visitor must negotiate a bewildering series of queues, starting with one to get into the building: if he is unassertive, he will still be standing in one of them when his plane takes off. There is nowhere to sit. Forlorn African students camp out in the upstairs corridors. The attendants in the overpriced food kiosks are proof incarnate that the profit motive is not yet universal—though stewardesses on Russian carriers offer unofficial upgrades on reasonable terms. For a small consideration, they sometimes oblige smokers on long-haul flights by turning off the smoke alarms in the toilets.

**Mineralnye Vody**: To reach this airport, in the north Caucasus, passengers pass through a series of military roadblocks, where documents and the boots of cars are checked by slouching policemen, looking for weapons or terrorists. But a sensible terrorist would leave his weapons at home and buy new ones at the airport, where a wide selection of enormous knives and ornamental Caucasian swords is on sale. There are also embossed Caucasian drinking horns, and a large number of Brezhnev-era copies of the Kama Sutra.

Mineralnye Vody airport is a lower circle of hell. In Soviet times, before the region that the airport serves was desolated by separatist insurgencies, blood feuds and government brutality, the nearby mineral spas were popular holiday resorts. The building is incongruously large for a part of Russia that today, for all its macho hospitality and merriment, feels more African than European in its violence, poverty and corruption. It is weirdly cold inside. Feral cats have been sighted. The floor has not been cleaned since *perestroika*; the toilets are hauntingly squalid. On the wall there are arrival and departure boards that no longer work, and a big, proud map of the Soviet Union.

**Vladikavkaz**: Roughly meaning “to rule the Caucasus”, this city, south of Mineralnye Vody, is an old tsarist garrison and the capital of North Ossetia, one of the semi-autonomous ethnic republics of the north Caucasus. Backed by the Caucasus mountains and bisected by the rugged Terek river, Vladikavkaz might be pleasant, were it not for the occasional terrorist eruption and internecine gangster bombing. The Ossetians are Christians, give or take some residual animism, and are Moscow's traditional allies against the restive Muslims of the other republics. Like several other local peoples, the neighbouring Ingush were deported by Stalin in 1944; the Ossetians took part of their territory, and the two fought a war in 1992.

Vladikavkaz airport is actually closer to another, smaller town, obscure and unremarkable until September 2004: Beslan. The road to the airport leads past the auxiliary cemetery that was used to bury the hostages slain in the terrorist atrocity at a Beslan school; toys and drinks (because the dead children were denied water by their captors) are scattered on the graves. The airport ought to be hyper-sensitive to security risks.

It seems not to be. When your correspondent passed through, he noticed a couple of shady characters and their hulking bodyguard talking to an airport official. The official took their documents to the security desk. “Who are they?” asked the security officer. “They are businessmen,” replied the official, as the documents were stamped. The party appeared to reach the runway via a side door, with a large hold-all seemingly unexamined.

**Kaliningrad**: This airport has a sort of holding pen in which passengers are kept before being released onto the tarmac. Surveying the assembled crew, with their standard-issue gangster coats and tattoos, it becomes obvious why Kaliningrad has a reputation as a smugglers' haven.

It used to be Königsberg, city of Kant and celebrated Prussian architecture. By the time the Nazis, British bombers and the Red Army had finished with it, little of pre-war Königsberg was left. Then Stalin took a shine to it, deported the remaining Germans and incorporated the region into the Soviet Union. It is now an island of Russia in a sea of European Union—an anomaly that is profitable for a certain class of businessmen. As well as contraband, the exclave boasts most of the world's amber and Russia's ageing Baltic fleet.

The Kremlin worries that the Poles or the Germans might try to take Kaliningrad back; but, in truth, no one else really wants it. As the aromas of vodka and Dagestani cognac waft around the airport holding pen, the consolation for the nervous traveller is that if one group of dodgy passengers starts something nasty on the flight, another one will probably finish it.

**Vladivostok** (“to rule the east”): At the other end of the Russian empire, near China and on the Sea of Japan, Vladivostok is the terminus of the Trans-Siberian railway. It became famous during the Russian civil war as a wild eastern entrepot of refugees and interventionists; nowadays it is described (mostly by people who haven't been there) as Russia's Hong Kong or San Francisco. Here you face a classic Russian-airport dilemma.

You have clambered around the tsarist fort, and inside the decommissioned Soviet submarine. You have seen the children riding reindeer on the cigarette-ash beach, and peered at the disconsolate alligator in the aquarium. You have also met the mayor, known in the city, not altogether affectionately, as “Winnie the Pooh”, or “Vinnie Pookh”. He acquired his nickname during his fabled reign as a gangland boss. The mayor has ridden the post-Soviet escalator from crime to business and on into politics, securing his office

after his main election rival was wounded in a grenade attack. In response to questions about his past, the mayor inquires whether you yourself have ever been in prison. You are not sure whether the mayor is asking or offering.

A dubious car arrives to take you to Vladivostok airport, about an hour's drive from the city, along a road lined with the forests that, like crab and salmon, are one of the great but fragile prizes of far-eastern Russian power struggles. Your driver is keener on talking than driving. “The Chinese are too cunning for us,” he says, decelerating with every fresh lament. “We are giving away our natural resources”. The factories are all closed; there is no place for anyone over 40 in the new Russia. It becomes clear that this driver is not entirely sober. You are running perilously late for your flight out of Vladivostok. Should you or shouldn't you ask him to go faster?

**Murmansk**: Well into the month of May, the runway at Murmansk is still fringed with snow; it dusts the pine trees over which incoming planes descend, along with still-frozen ponds and rivers. In the airport's VIP lounge there is a set of sofas of daunting tastelessness. The main terminal is mostly empty, save for a bar, a pool table and some fruit machines. Downstairs, outside the toilets, there is a strange drawing of a man wearing a trilby hat, silhouetted against the sun. But upstairs there is a lovely metallic relief on the wall, depicting everything that is produced in the Murmansk region, or that was once produced.

The biggest city anywhere inside the Arctic Circle, Murmansk was built for and shaped by war. It was founded during the first world war, and was a destination for the famous allied sea convoys during the second, when it was utterly destroyed. When the *Kursk* submarine was raised from the floor of the Barents Sea in 2000, the corpse-laden wreck was towed back to the nearby dry docks; nuclear icebreakers are their regular customers. A church was built in memory of the dead sailors, and stands amid the other monuments to deceased warriors. Otherwise, Murmansk is cluttered with the usual post-Soviet paraphernalia: a Lenin statue; shabby kiosks; gambling halls; pavements that seem to dissolve into the road.

For all that, the Arctic setting has its own appeal. Icy it may still be, but from late spring the Murmansk girls don their short skirts, and it is light around the clock. In the small hours, down at the port, seagulls wheel around the cranes resting motionless, like giant, paralysed insects, against the illuminated pink clouds. A Ferris wheel rotates on a hill above the town.

**Yuzhno-Sakhalinsk**: In tsarist times, Sakhalin island was a giant prison camp. Visiting in 1890, Chekhov considered it the most depressing of the many depressing places in Russia. From 1905, when Russia lost its war with Japan, the southern part of Sakhalin was ruled by the Japanese; it was taken back in 1945, along with four smaller islands that the two countries still bicker over. Traces of Japanese architecture are still visible; so are the descendants of the Korean slave labourers whom the Japanese imported. The Soviet experiment bequeathed sparse squares and omnipresent Lenins. After the experiment failed, many of Sakhalin's inhabitants fled its wasting beauty. Salmon can still be scooped by hand from its rivers in the spawning season, but much of the fishing fleet is rusting in the bays.

Yet Siberia and Russia's far east have always been lands of opportunity, as well as exile. On Sakhalin, today's opportunities are mostly in oil and gas, which foreign consortia are extracting from beneath the frigid Sea of Okhotsk, off the island's northern shore. New pipelines cut through forests, and up and down mountains, to an export terminal in the south. A stone's throw away, there are elderly Russians living on what they can fish and find in the forest; the few remaining indigenous reindeer-herders survive on even less. But in Yuzhno-Sakhalinsk, the capital, there are new hotels, bars and jobs.

The primitive domestic terminal at the airport has a tannoy system, but the announcements are inaudible, and their main effect is to spread fear. Destination names are put up, taken down and put up again above the check-in desks. The upper floor is appointed with weirdly ornate Soviet chandeliers. Last year a family of bears wandered onto the runway: the airport authorities hunted them in vain. But there is also a new international terminal to serve the flights from Japan and South Korea. The staff there speak English, and do not regard checking in as an unforgivable insolence.

**Irkutsk**: Five hours ahead of Moscow, in eastern Siberia, Irkutsk is the nearest city to Lake Baikal, the world's largest body of fresh water—water so clear that it induces vertigo in many of its visitors. The drive to the lake leads through vast forests, past the roadside shamanistic altars of the indigenous Buryats, under an enormous Siberian sky. In the 19th century Irkutsk was home to many of the so-called Decembrists, and the wives who followed them into exile after their 1825 revolt against the tsar: men and events that might have changed Russia's history, and the world's. Alexander Kolchak, a diehard White commander, was shot in Irkutsk in 1920; his body was thrown into the icy Angara river.

Planes descend into the city's airport over identikit Soviet apartment blocks and rickety Siberian dachas. The current arrivals terminal is a hut on the apron of the tarmac. Passengers wait in the street until the baggage-handlers feel inclined to pass their bags through a hole in the hut's wall. The bags then circulate on a terrifying metal device apparently borrowed from a medieval torture chamber. The nearby departure terminal is chaos, though by ascending an obscure staircase passengers can find an interesting photographic display on “minerals of eastern Siberia”.

The hut, however, is only temporary: a new, modern terminal is being built. It will be needed if the local authorities attract all the tourists they are hoping for. Lake Baikal, the awesomely beautiful main draw, was threatened by a new oil pipeline—until Vladimir Putin ordered its route moved away from the shores of what Buryats call the “Sacred Sea”.

**The staff speak English, and do not regard checking in as an unforgivable insolence**

**Yekaterinburg**: Long-term residents of this city in the Urals shudder when they recall the state of its airport in the 1990s: never any taxis, they say, and very often no luggage. The arrivals hall still has a faint abattoir feel. But, next to it, a colonnaded Soviet edifice has been turned into a business terminal. And there is a new, glass-walled international terminal of positively Scandinavian gleam and efficiency, erected recently using private money. It has a swanky bar that serves edible food. There is an internet café where the internet connections work. “An airport”, says one of its managers proudly, “is a city's visiting card.”

It is not too fanciful to see the contrasting parts of Yekaterinburg's airport as a metaphor for the city's development. It was in Yekaterinburg that the Bolsheviks murdered the last tsar in 1918. Outside town, close to the border between Europe and Asia, there is a memorial to the local victims of Stalin's purges—a rare and moving place in a generally amnesiac nation.

In a nearby cemetery stand what wry locals describe as memorials to the victims of early capitalism: life-size statues (complete with car keys) of the dead gangsters who earned the city its 1990s sobriquet, the Chicago of the Urals. Because of the military industries that moved there during the war, Yekaterinburg was closed to foreigners until 1990. But these days most of the surviving crooks have gone straight, or into politics. Hoteliers are parlaying the city's infamy into a tourist attraction, foreign consulates are being opened, and businessmen and tourists can fly directly to the new airport.

**Sheremetyevo**: Ignore the snarling waitresses and look again at Sheremetyevo: something is happening. Its operators have come under pressure from Domodedovo, Moscow's other main airport, which was reconstructed a few years ago, and to which airlines have migrated in such numbers that its spacious facilities are often overrun. Sheremetyevo is getting a makeover (as are several of the other airports mentioned in this article).

There is a new café. There are now electric screens on the baggage carousels, displaying the numbers and origins of incoming flights (even if they do not, as yet, always correspond to the baggage circulating on them, much of which is still wrapped in clingfilm to keep out thieves). The nightmarish domestic terminal is being replaced, and a third terminal is going up. A new train service will one day replace the agony of Leningradskoe Shosse. Haltingly, frustratingly but undeniably, Sheremetyevo has started to change—much like Russia itself.

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Country music

# Middle America's soul

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From The Economist print edition

**If you want to understand America, turn that dial to a country-music station**

AP

IN 1943 Roy Acuff, a country superstar, invited the governor of Tennessee to a party. The governor snubbed him, complaining that he and his awful musicians were making Tennessee “the hillbilly capital of the United States”.

No modern American politician would dare be so sniffy about country music. On the contrary, many embrace it. Mark Warner campaigned for the governorship of Virginia in 2001 with a lively bluegrass song: “Get ready to shout it from the coal mines to the stills/ Here comes Mark Warner, the hero of the hills.” He won—quite an achievement for a Democrat in a conservative state, especially when you consider that he was “a Connecticut Yankee who had moved to northern Virginia and made a zillion in the telecommunications industry”, as conceded by his campaign manager, Dave “Mudcat” Saunders.

Mr Saunders reckons that “if you want to get a message down into the soul of a God-fearing, native-to-the-earth, rural-thinking person, one of the surest ways is through traditional country music.” He may be right. And there are an awful lot of God-fearing, rural-thinking folk in America. Some 45m Americans tune in to country-music radio stations each week. In the heartland, no other genre comes close.

But for some Americans, still, there is something risible about country. “I don't like country music, but I don't mean to denigrate those who do. And for the people who like country music, denigrate means ‘put down’,” quipped Bob Newhart, a comedian. When George Bush senior wrote an article about how much he liked country music for *Country America* magazine, the *Washington Post* reprinted it under the snooty headline: “George and the Oval Office Do-Si-Do: Heck, a President Ain't Nothin' but Just Folks”.

Outside America, the sneering is unrestrained. When Garth Brooks, who has sold more than 115m albums, appeared on British television in 1994, one interviewer chortled: “I thought you'd come in here and twiddle your pistol around.” Another shrugged: “He's selling more records than anyone in the world, but none of us have ever heard of him.”

## Too sensible to be cool

“Cool” people think country is hopelessly square. Country singers neither cuss like rappers nor grapple so boldly with “edgy” subjects. “Some messages are clearly not allowable [in country music], like ‘Fuck tha police’ or ‘I got 99 problems and a bitch ain't one’,” writes Chris Willman in his excellent book “Rednecks and Bluenecks: The Politics of Country Music”. “But then there are messages that aren't allowable in any other popular-music genre that flourish here, such as: I wish I'd been there when my mama died. I miss my husband in Iraq. Babies and old people rule. If I die, take care of my kids for me.”

Once they pass a certain age, most Americans stop worrying about being cool. This is often when they start (or go back to) listening to country music. “It's not about sexual innuendo or bling, but the problems and experiences of ordinary people: love, loss, family life, having a good time and a sense of humour,” says Joe Galante, head of Sony BMG's country-music division.

Anthropologists studying obscure tribes in Peru or Papua New Guinea often mine their folk songs for clues as to how they think and what they believe. In the same way anyone who wants to understand the world's most politically influential tribe—the people of Middle America, who pick most American presidents—should pay attention to country music.

After the attacks of September 11th 2001, country singers expressed their fury more bluntly than most other celebrities. In “Courtesy of the Red, White and Blue”, for example, Toby Keith sang: “Justice will be served/ And the battle will rage/ This big dog will fight/ When you rattle his cage/ And you'll be sorry that you messed with/ The U.S. of A./ 'Cause we'll put a boot in your ass/ It's the American way.”

Darryl Worley, another country star, heard a fellow American say he didn't understand why America had to invade Afghanistan. Incredulous, he wrote a song in reply: “Have you forgotten how it felt that day?/ To see your homeland under fire/ And her people blown away/ Have you forgotten when those towers fell?/ We had neighbours still inside going through a living hell/ And you say we shouldn't worry about bin Laden/ Have you forgotten?”

Rhyming “bin Laden” with “forgotten” was controversial, but not as much as this couplet: “Some say this country's just out looking for a fight/ After 9/11, man, I'd have to say that's right.”

## Patriotism and politics

Some seized on the enormous popularity of such songs as evidence that America is a dangerously militaristic society. But even “Courtesy of the Red, White and Blue” is mild compared with the country songs of the second world war, such as “We're Gonna Have to Slap the Dirty Little Jap” or “Smoke on the Water”, a hit that included the couplet: “There'll be nothing left but vultures to inhabit all that land/ When our modern ships and bombers make a graveyard of Japan.”

Back in the more recent past, one country ensemble, the Dixie Chicks, took a different view of President George Bush's military ventures. On March 10th 2003, as war in Iraq loomed, Natalie Maines, the lead singer, told an audience in London that she was “ashamed” that Mr Bush was from her home state of Texas. At the time, the Chicks were arguably the most popular band in America, having recently sold $49m-worth of concert tickets on a single day. But country fans did not appreciate Ms Maines undermining the commander-in-chief on the eve of war. Furious listeners jammed country radio stations' phone lines demanding a boycott, and most stations complied. The Chicks are still very successful, but some of their old fans have yet to forgive them.

One reason for the ferocity of the Chicks' roasting was that a lot of country fans have friends or relatives in the armed forces. The same is true of the stars. Chely Wright, for example, has a brother in the marines, a father who served in the navy during the Vietnam war and a grandfather who won a Purple Heart on the Normandy beaches. She mentions all this in “Bumper of My SUV”, a song about a lady in a rich neighbourhood who saw the US Marines sticker on Ms Wright's car, made an obscene gesture and shouted abuse at her: “Your fucking war is wrong!”

Ms Wright suggests that the marines help keep this lady safe as she drives her kids home from their private school. Such sentiments go down well with the troops when she performs for them. She once visited a remote camp in Iraq and found that the men had scrubbed a port-a-potty and not let anyone use it for two weeks so she could have a clean one. One soldier, she told Mr Willman, queued three times for her autograph and ended up hanging out with the band. The next day he was killed. His mother said later that she found herself staring at photos of Ms Wright on her website because “you were the last woman to talk to my son.”

As the news from Iraq has grown grimmer, country songs have grown more subdued. In John Michael Montgomery's “Letters from Home”, a soldier reads messages from his family: “I hold it up and show my buddies/ Like we ain't scared and our boots ain't muddy/ But no one laughs, 'cause there ain't nothing funny/ When a soldier cries/ And I just wipe my eyes/ I fold it up and put it in my shirt/ Pick up my gun and get back to work.”

“As the war has gotten into the state it's in, people have gotten confused,” says Joe Galante. As a result, he reckons, country musicians are producing fewer fighting songs and more about faith. When country fans need guidance on important issues, the only way to look is up.

Consider the 2005 hit “Jesus Take the Wheel” by Carrie Underwood (pictured above). The song's narrator is driving home to Cincinnati to see her parents on Christmas Eve, with the baby in the back seat and no husband. With 50 miles to go, “she was running low on faith and gasoline.” Distracted by her worries, she skids on black ice and nearly kills herself and her baby. She throws up her hands and says: “Jesus take the wheel/ Take it from my hands/ 'Cause I can't do this all on my own/ I'm letting go/ So give me one more chance/ To save me from this road I'm on.”

It is as hard to imagine a mainstream pop act releasing a song like this as it is to imagine a country artist penning a song like John Lennon's “Imagine”. Madonna may dabble in Kabbalah and Lisa Marie Presley may seek answers from L. Ron Hubbard, but among country singers it is pretty much taken for granted that you are Christian.

Country Christianity, if one can call it that, is neither puritanical nor unforgiving. Sex is fun and people stray, in country music as in reality. Cheatin' songs, with titles like “Whose Bed Have Your Boots Been Under?” are common. But such songs are usually suffused with regret. Lee Ann Womack's lines—“I may hate myself in the morning, but I'm gonna love you tonight”—eloquently capture an inner conflict doubtless felt by many of her fans.

Country singers see no contradiction in loving Jesus and partying raucously. Consider two songs by Joe Nichols, a young star from Arkansas. In the first verse of “If Nobody Believed in You”, he tells the story of a little boy who stops playing baseball because his father says, in a voice “loud and mean”, that “You won't amount to anything.” How, Mr Nichols asks, would you feel? “You'd probably give up too/ If nobody believed in you.”

In the second verse, an old man gives up trying to pass his driving test because his son doesn't believe in him. Only then does the velvet-voiced Mr Nichols reveal what the song is really about. “We take His name out of schools/ The lawyers say it breaks the rules.” How long will it be, he asks, before God gives up on mankind? “You'd probably give up too/ If nobody believed in you.”

Mr Nichols also wrote a hit last year called “Tequila Makes her Clothes Fall off”. This delightful song, narrated by a man, is about a lady who likes to go out and drink Margaritas with her girlfriends. This is embarrassing for him, because although she can handle “any champagne brunch” or “Bacardi punch”, not to mention “Jello shooters full of Smirnoff”, “Tequila makes her clothes fall off.”

Retna

Booze is, without question, the drug of choice for country folk. Toby Keith's song “I Love this Bar” got to number one in America's country charts in 2003, and “Get Drunk and be Somebody” made it to number three this year. Illegal drugs are more or less taboo in country music, but not just because they are illegal. Country music celebrates illicit alcohol, after all: the reference in Mark Warner's campaign song to stills in the hills continues a tradition that stretches back at least as far as Bob Miller's prohibition-era ditty, “The Dry-Votin', Wet-Drinkin', Better-Than-Thou Hypocritical Blues”.

Do country singers favour alcohol because Jesus drank (or at least turned water into wine) but never snorted coke? More likely it is because their fans prefer a fridge full of beer to a bag of white powder. With a Bud, you know exactly how much each gulp will intoxicate you (not much, if it's Bud Light). So you can let yourself go on Saturday night without much risk that you'll wind up in hospital and unable to drive the kids to school on Monday morning. Country folk are sensible, mostly.

Booze also dulls the pain of heartbreak, an essential theme of country music. In Brad Paisley's haunting “Whiskey Lullaby”, a man's lover “put him out like the burnin' end of a midnight cigarette/ She broke his heart; he spent his whole life tryin' to forget/ We watched him drink his pain away a little at a time/ But he never could get drunk enough to get her off his mind/ Until the night/ He put that bottle to his head and pulled the trigger/ And finally drank away her memory.”

Some say country music itself is a better balm for broken hearts. Whereas anguished Manhattanites pay hundreds of dollars an hour to lie on a couch and talk about themselves, country fans put on a Wynonna Judd CD and hear someone sing about problems that sound awfully like theirs. Say you have endured a family break-up or think you might be addicted to food: Wynonna has been there, feels your pain and articulates it far more tunefully than you ever could. As another country singer, Dierks Bentley, once put it: “Country music has always been the best shrink that 15 bucks can buy.”

**Toby Keith has a boot for Osama bin Laden's ass**

## Redneck pride

White working-class and rural Americans, especially southerners, used to worry that the coastal elite looked down on them. They still do, but many are now reclaiming the labels “redneck” and “white trash” and wearing them with pride, just as some gays call themselves “queer” and some urban blacks call themselves “nigga”.

Toby Keith, who was once an oil driller in Oklahoma and also played semi-pro football for a team called the Oklahoma City Drillers, has an album called “White Trash with Money”. And Gretchen Wilson (pictured below), a country star raised by a single mother in a trailer park in Pocahontas, Illinois, has a great song called “Redneck Woman”.

“Some people look down on me/ But I don't give a rip/ I'll stand barefooted in my own front yard with a baby on my hip,” she declares. Being a redneck means: “I keep my Christmas lights on, on my front porch all year long/ And I know all the words to every Charlie Daniels song.” She grew up short of cash, but didn't care that she couldn't afford fancy underwear: “Victoria's Secret/ Well their stuff's real nice/ Oh but I can buy the same damn thing on a Wal-Mart shelf half-price.”

Retna

Country Music Television (CMT), a cable channel, carries a show featuring Jeff Foxworthy, a comedian whose catchphrase is: “You might be a redneck if...”. There is an inexhaustible supply of punchlines, from “the photo on your driver's licence includes your dog” to “you think the last words to ‘The Star-Spangled Banner’ are ‘Gentlemen, start your engines’.”

The humour on CMT may be goofy, but it is mostly clean. The viewers tend to have children, says Brian Philips, CMT's boss, and do not want to have to change the channel when the kids walk in. Country-music videos are sometimes raunchy, but not too raunchy: an outcry over the brief nudity in the video for “I Melt” by Rascal Flatts prompted the band to issue an expurgated version. And “Trick my Truck”, CMT's version of “Pimp my Ride” (a popular show in which people make their cars flashier), is startlingly wholesome.

Some fans find mainstream country music too cloying or conservative. For those who want a different kind of country, there is a thriving “alt country” scene, also known as “Americana” or “y'allternative music”.

Todd Snider's songs, for example, blame “Conservative Christian, right-wing Republican, straight white American males” for many of the world's ills, particularly “soul-savin', flag-wavin', Rush-lovin', land-pavin' personal friends to the Quayles.” Another alt country singer, Robbie Fulks, fulminates about how, as he sees it, George Bush is a north-eastern preppie posing as a southerner. “If you went to Andover, what's the banjo fer?/ You wasn't raised in a shack so you better not act so/ Countrier than thou.”

**Craig Morgan: easy times in a great country**

Of course there are also country artists who paddle rightwards out of the mainstream. The Right Brothers, for example, have a song called “I Want to Live”, narrated by a fetus. Another singer, Royal Wade Kimes, rouses National Rifle Association conventions with “In My Land: The Second-Amendment Anthem”. And, going back a few years, Ray Stevens, a comedy country singer, encapsulated the concerns of God-loving, tax-hating conservatives with “If 10% is Good Enough for Jesus, It Oughta be Enough for Uncle Sam.”

But angry political songs are not really what country is about. Most of all, it is about realism, says John Rumble, a historian at the Country Music Hall of Fame and Museum in Nashville. And reality, for Middle America, is mostly quite pleasant. Consider Craig Morgan's song “That's what I love about Sunday”: “Sing along as the choir sways;/ Every verse of Amazin' Grace,/ An' then we shake the preacher's hand/ Go home, into your blue jeans/ Have some chicken an' some baked beans/ Pick a back yard football team/ Nothin' much of anything/ That's what I love about Sunday.”

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**Pentecostals**

# Christianity reborn

Dec 19th 2006 | GUATEMALA CITY AND WASHINGTON, DC
From The Economist print edition

**A century after its birth Pentecostalism is redrawing the religious map of the world and undermining the notion that modernity is secular**

AP

IN 1906 Ambrose Bierce, one of America's finest satirists, published a guide to bullshit, “The Cynic's Word Book” or, as it was later rechristened, “The Devil's Dictionary”. Bierce reserved his sharpest barbs for religion. To pray, he said, is “to ask that the laws of the universe be annulled in behalf of a single petitioner confessedly unworthy”. Religion is “a daughter of Hope and Fear, explaining to Ignorance the nature of the Unknowable”. For Bierce, Christianity was an antiquated superstition with no place in the modern world.

In the same year an itinerant black preacher arrived in Los Angeles. William J. Seymour was “disheveled in appearance”, blind in one eye and scarred by smallpox. He was also on fire with a vision—that Jesus would soon return and God would send a new Pentecost if only people would pray hard enough. He began to preach from a makeshift church in Azusa Street, in a run-down part of town. Soon thousands joined him. People spoke in tongues, floated six feet in the air, or so we are told, and fell to the floor in trances, “slain by the Lord”. The faithful prayed day after day for three years on the trot, and dispatched dozens of missionaries abroad.

At the time, the Azusa Street revival looked like an aberration. Surely the future belonged to the cynical secularists such as Bierce rather than the tongue-speaking preacher like Seymour? Intellectual fashion had turned sharply against religion. Marxists dismissed it as a tool of class oppression; Freudians regarded it as a collective neurosis; economists thought that because it had no market price it had no value; and sociologists, such as Emile Durkheim and Max Weber, pronounced its death rites. The year before, France had passed a tough law banning religion from the public square.

You did not have to be a card-carrying intellectual to think that Azusa Street was a flash in the pan. The *Los Angeles Times* complained about a “weird Babel of tongues” and a “new sect of fanatics” who “work themselves into a state of mad excitement”. Respectable people were outraged that Seymour encouraged inter-racial worship, particularly given that it involved hugging and ululating. The religious establishment was equally hostile, believing that the future of religion lay in reconciling itself with reason. Fundamentalists condemned Seymour for focusing on the Spirit rather than the Letter. “The last vomit of Satan” was one preacher's verdict on the movement.

Yet, with the possible exception of Europe, history has moved in Seymour's direction rather than Bierce's. The great secular ideologies of the 19th and early 20th centuries—from Marxism to Freudianism—have faded while Seymour's spirit-filled version of Christianity has flourished. Pentecostal denominations have

prospered, and Pentecostalism has infused traditional denominations through the wildly popular charismatic movement.

Today there are more than 500m “revivalists” in the world (ie, members of Pentecostal denominations plus “charismatics” in traditional denominations). In a recent survey of Pentecostalism, the Pew Forum on Religion and Public Life argues that “renewalist movements” are the world's fastest-growing religious movement: the World Christian Database shows that renewalists now make up about a quarter of the world's Christian population compared with just 6% 30 years ago. The evidence of this can be seen everywhere in America and the developing world: in churches the size of football stadiums in Latin America, in 12,000-acre “redemption camps” in Nigeria, in storefront churches in the slums of Rio and Los Angeles. LA's most successful export is not Hollywood but Pentecostalism.

Pentecostals believe in things that set Bierce's teeth on edge. The Pew Forum made a particularly detailed study of ten countries. In all ten large majorities of Pentecostals (ranging from 56% in South Korea to 87% in Kenya) say that they have either experienced or witnessed divine healing. In eight of them majorities say that they have received a “direct revelation from God”. In six countries more than half believe that Jesus will return to earth during their lifetimes—and in all ten more than 80% believe that the faithful will be gathered up before the end of the world and transported to heaven.

Pentecostals take their name from the biblical feast of the Pentecost. Early followers of Jesus who had gathered for the feast were “filled with the Holy Spirit” and able to “speak in tongues”. The curse of Babel was lifted and people from different countries could understand each other. Pentecostals are most akin to Evangelicals in their emphasis on being born again. But they differ from Evangelicals, as well as from other Christians, in their emphasis on the Holy Spirit. They believe not only that the Last Days are coming, but also that the Spirit can enter ordinary mortals and give them extraordinary powers.

Pentecostalism continues to thrive in the land of its birth. Until the 1950s the movement was associated with the margins of American culture—with snake-handlers and rural shacks. Since then it has not only grown—two in every ten Americans see themselves as “charismatics”—but also gone mainstream. In 1974, a thousand people gathered in Washington's respectable-as-it-gets National Cathedral for a service in which many people spoke in tongues. But the movement is at its most vital in the developing world: renewalists make up around 50% of the population in Brazil and Kenya. And in Latin America Pentecostalism has shattered the Roman Catholic Church's monopoly. In Brazil—the world's largest Catholic country and one whose national identity is intertwined with the church—about a seventh of the population is now Pentecostal and a third is “charismatic”. In Guatemala Pentecostalism is sweeping all before it.

## The Spirit in Guatemala

The Catholic cathedral still dominates the main square in Guatemala City. But the country is now around 30% Protestant, and six in ten remaining Catholics are “charismatics”. Pentecostal gatherings are ubiquitous in the city. Harold Caballeros, the pastor of El Shaddai, a mega-church with comfortable seats, a bookshop, a café and a broadcasting network, estimates that a new church is born every day, and a whirlwind trip around the city one Sunday suggests that he is right.

Pentecostal services take place everywhere: in respectable hotels (having been kept up most of the night by revellers, your correspondent was woken early on Sunday by the sound of hallelujahs and an amplified rock band); in disused shops in the poor part of town; in huge modern stadiums. The most successful church, Fraternidad Cristiana de Guatemala, is preparing to open a gigantic church, rumoured to be the biggest building in Central America, complete with a “Burger King drive”, seating for over 12,000, parking for more than 3,500 cars, 48 Sunday-school classrooms, a baptism pool with space for hundreds, and a heliport. The building cost $20m, paid in cash.

REA

From the mega churches to the storefronts, these services have striking similarities, down to the ubiquitous Israeli flag (once the Second Coming has taken place in Israel, the Jews will convert to Christianity). They go on for hours without any obvious beginning or end (worshippers wander out for a chat and a coffee). The band works people up into a frenzy. (“God likes music a lot,” says Alex Gonzalez, the Apostle of Jesus Evangelista Church.) Nobody seems to mind if you burst into tears or start hollering. Women come to the stage to testify about the way God has changed their lives. At

some point a preacher appears and delivers a lengthy sermon. And for those whose appetites are not sated by all this worship, there are also Christian television channels, Christian radio channels (25 at the last count), Christian restaurants and, during the workday, company-sponsored religious services.

Why has Pentecostalism been so successful? Part of the answer lies in the internal dynamics of the religion. Luis Lugo, the director of the Pew Forum, calls Pentecostals “turbo-charged Evangelicals”. “Conversion is such an emotional moment that you have to share it,” says Mr Caballeros. “Then the people you convert share it. It's a never-ending process. It's exponential.” And they are very good at it. A Pentecostal service is an unforgettable experience, part religious service, part spectacle, part rock 'n' roll rave.

Harvey Cox, a professor at Harvard, points to two things that have put wind into the movement's sails. One is the fact that it reconnects people with primitive religion: it taps into a deep substratum of primal spirituality, filling the “ecstasy deficit” left by cooler religions. The movement's emphasis on experience rather than doctrine gives it a remarkable ability to absorb other faiths, from spirit possession in the Caribbean to ancestor worship in Africa, from folk healing in Brazil to shamanism in Korea. As the Pentecostals say, “the man with an experience is never at the mercy of the man with a doctrine.”

**Pentecostalism fills the “ecstasy deficit” left by cooler religions**

The other is that Pentecostalism offers a “third way” between scientific rationalism and traditional religion. For many people rationalism is thin gruel. But they are reluctant to return to traditional churches. Pentecostalism offers something different—a religion that is about excitement and emotion, not hierarchy and dogma.

Pentecostalism clearly has a powerful internal dynamic. Still, it would be naive to try to understand the spread of a 500m-strong religion without reference to sociology. What are the social reasons for the movement's success? And what is the social impact of this fast-growing religious movement? The ideas of the four founders of social science—Karl Marx, Emile Durkheim, Adam Smith and Max Weber—offer some possible answers.

EPA

The Marxist view is that religion is the opium of the people, a false consolation for life's miseries. There is no doubt that Pentecostalism first took off among the poor and the dispossessed and that it offers some dubious consolations. But it is spreading rapidly among the middle classes and the elites. And far from reconciling people to life's miseries, Pentecostalism tends to send them on a mission to fix things—from giving up drinking to reforming society. Opium it ain't.

The Durkheimian view is that religion can be a solution to “anomie”. This is more promising. The developing world is seeing a huge migration of people from the countryside to sprawling cities: Guatemala City's population has surged to over 2.5m today, for example. Pentecostal churches offer a ready-made community and a source of discipline in an urban society rife with temptations. The churches are full of put-upon women who have dragged their men along, hoping to wean them off drink, gambling and other women.

Smith offers a third view: that Pentecostalism thrives because of the effects of competition. Whereas the Catholic Church is a would-be monopoly, Pentecostals create thousands of competing churches. The barriers to entry are low—almost anyone can set up a church—but the pressure to perform is relentless: if you can't preach a mesmerising service, people will go elsewhere. “We have to work against the competition as well as the devil,” says a young preacher.

One result of this is that Pentecostalism draws on the full talents of the population. The Catholic Church is perpetually short of priests, not least because it limits its recruitment to well-educated celibate males. But Pentecostal churches have a genius for elevating charismatic sheep from the flock. They are particularly good at using female talent. Women not only fill the pews. They get up and testify. And they are increasingly becoming preachers in their own right—a particularly striking development in patriarchal

Latin America.

Another result is that Pentecostalism is wonderfully innovative. What other Christian movement can produce churches with names like the Mountain of Fire and Miracles (in Nigeria) and the Church of Christ's Spit (in Brazil)? And what other religious movement can produce “hallelujah robotics”—a sort of frenzied dancing and chanting? Churches also make aggressive use of modern media. With its charismatic preachers, dramatic testimonials and miraculous cures, Pentecostalism is telegenic.

Many churches are therefore superb businesses—honed by competition and obsessed with expansion. The Universal Church of the Kingdom of God in Brazil, which was only created in 1977, has more than 2m members today. Its founder, “Bishop” Edir Macedo, owns one of Brazil's largest television stations as well as radio stations, newspapers and a football team. The “cathedral” of the Jotabeche Methodist Pentecostal Church in Santiago, Chile, can seat 18,000. The Yoido Full Gospel Church is the biggest church in the world: every Sunday 250,000 people turn up to worship.

The final explanation is drawn from Max Weber—that Pentecostalism, like Puritanism before it, is an instrument of modernisation. Peter Berger, the dean of sociologists of religion, argues that “Max Weber is alive and well and living in Guatemala City”. Pentecostalism is making dramatic advances among the upwardly mobile. One of the movement's central messages is self-respect—Pentecostals are “dynamite in the hands of God” rather than deferential servants. Relying on ordinary people to spread the word, the churches are particularly good at conveying the rudiments of management. They teach people to speak in public, organise meetings and, as they become more successful, manage large organisations. The bookshops in the mega churches are full of tomes on management as well as spiritual uplift.

This argument is far from perfect. Weber's God remained aloof whereas the Pentecostals' God reaches down to touch the human heart. Pentecostals are restoring much that the Puritans drove out of Christianity, such as visions, miracles and healing cures. It is clearly backward-looking as well as forward-looking—and in its worst forms it is a licence for fraudsters. Before he was caught with a prostitute, Jimmy Swaggart, an Assemblies of God minister, reached 500m viewers a week and attracted an estimated half a million dollars in donations every day. A number of Latin American preachers have a weakness for silk suits and fancy houses.

The movement has also, at times, had a strained relationship with democracy. Guatemala's first Pentecostal president, Efrain Rios Montt, killed tens of thousands of Mayans (and enjoyed the support of American Pentecostals such as Pat Robertson). The head of Los Israelites in Peru took the titles of the Grand Biblical Compiler, Grand and Unique Missionary General, Spiritual Guide, Prophet of God, Master of Masters, Holy Spirit and Christ of the West. Some famous preachers act as power brokers as well as religious leaders.

No movement as big and fast-growing as Pentecostalism can be captured in a single phrase. Harvey Cox calls it “diverse, volatile and mercurial”. David Martin, a British sociologist, says that it is “a potent mixture of the pre-modern and the postmodern, of the pre-literate and the post-literate, of the fiesta and the encounter group”. Still, the modernising element seems to have the upper hand right now.

**Pentecostalism is not only burning through the “cities of the dispossessed”. It is also consuming the elites of the developing world.**

Many of the new generation of Pentecostal preachers, particularly in the biggest churches, are notable for their entrepreneurial and intellectual sophistication. Jorge Lopez, the head of Guatemala's Fraternidad Cristiana, preaches the virtues of entrepreneurialism. Mr Caballeros, who has just returned from a term at Harvard, litters his conversation with references to Weber and Michael Porter, a management guru. He argues that Pentecostalism can lift his country out of poverty by teaching individuals to be thrifty and officials to abandon corruption. His church has founded 11 schools and organised rural medical missions. A hot tip for winning the presidency in 2007, he is now handing his ministry over to his wife in order to devote himself to politics.

Mr Caballeros is not alone in his enthusiasm for politics. Brazil's Universal Church has its own political party. Majorities of Pentecostals in nine of the ten countries studied by Pew said that religious groups should express their views on politics—and sizeable minorities (and a small majority in the United States and Nigeria) said that the government should take steps to make their country a Christian country. This is worrying at the best of times, summoning up ghosts of theocracy; it is particularly alarming in sub-Saharan Africa, where supercharged Pentecostal congregations are bumping up against Islam. A recent seminar on Pentecostalism put on by the Council on Foreign Relations in Washington, DC, attracted

people from the entire Washington political machine, including the National Security Council, the vice-president's office, the World Bank and the International Monetary Fund.

There have been repeated warnings over the years that the Pentecostal fire will burn itself out. How can the faithful preserve this level of emotional intensity? And how can they continue to believe in faith-healing and other miracles in the face of the advance of science? So far the warnings have proved empty. Pentecostalism is not only burning through the “cities of the dispossessed” where Seymour found his home. It is also consuming the business and professional elites of the developing world. As for Ambrose Bierce, “The Devil's Dictionary” was republished a couple of years ago, and continues to sell respectably. At the time of writing, it is number 15,290 on Amazon's bestseller list.

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Jinn

# Born of fire

Dec 19th 2006 | QARDHO
From The Economist print edition

**Our correspondent travels to Somalia and Afghanistan in search of jinn**

THERE is a cleft in a stone hill outside Qardho, in northern Somalia, which even the hardest gunmen and frankincense merchants avoid. In the cool dark, out of the bleached sunshine, there is a pit, a kind of Alice in Wonderland rabbit hole, which is said to swirl down into the world of jinn. Locals say jinn—genies, that is—fade in and out above the pit. Sometimes they shift into forms of ostriches and run out over the desert scrub.

The Bible holds that God created angels and then made man in his own image. The Koran states that Allah fashioned angels from light and then made jinn from smokeless fire. Man was formed later, out of clay. Jinn disappointed Allah, not least by climbing to the highest vaults of the sky and eavesdropping on the angels. Yet Allah did not annihilate them. No flood closed over their heads. Jinn were willed into existence, like man, to worship Allah and were preserved on earth for that purpose, living in a parallel world, set at such an angle that jinn can see men, but men cannot see jinn.

Less educated Muslims remain fearful of jinn. Hardly a week passes in the Muslim world without a strange story concerning them. Often the tales are foolish and melancholy. In August, for instance, Muslims in the Kikandwa district of central Uganda grew feverish over reports of jinn haunting and raping women in the district. So when a young woman stumbled out of the forest one day, unkempt and deranged, she was denounced as a jinn. Villagers beat her almost to death. Police finished the job with six bullets at close range. The young woman called out for her children in her last moments. An investigation revealed her to be from a neighbouring district. She had spent days without food or water, searching for her missing husband. Editorials in Ugandan newspapers called on the government formally to deny the existence of jinn.

That would be divisive. Although a few Islamic scholars have over the ages denied the existence of jinn, the consensus is that good Muslims should believe in them. Some Islamic jurists consider marriage between jinn and humans to be lawful. There is a similar provision for the inheritance of jinn property. Sex during menstruation is an invitation to jinn and can result in a woman bearing a jinn child. According to the Koran, the Prophet Muhammad preached to bands of jinn. Some converted to Islam. This is how jinn describe their condition in the Koran:

> And among us [jinn] there are righteous folk and among us there are those far from that. We are sects, having different rules. And we know that we cannot escape from Allah in the earth, nor can we escape by flight. And when we heard the guidance [of the Koran], we believed therein, and who so believeth in his Lord, he feareth neither loss nor oppression. And there are among us some who have surrendered to Allah and there are among us some who are unjust.

In Somalia and Afghanistan clerics matter-of-factly described to your correspondent the range of jinn they had encountered, from the saintly to the demonic; those that can fly, those that crawl, plodding jinn, invisible jinn, gul with vampiric tendencies (from which the English word ghoul is taken), and shape-shifters recognisable in human form because their feet are turned backwards. Occasionally the clerics fell into a trance. Afterwards they claimed their apparently bare rooms had filled with jinn seeking favours or

release from amulet charms.

## A parallel universe

Although Somalia and Afghanistan have different religious traditions (Somalia being more relaxed), jinn belief is strong in both countries. War-ravaged, with similarly rudimentary education systems, both have a tradition of shrines venerating local saints where women can pray. Women are supposed to be more open to jinn, particularly illiterate rural women: by some accounts education is a noise, a roaring of thought, which jinn cannot bear. Sometimes women turn supposed jinn possession to their own advantage and become fortune-tellers. Among the most popular questions asked of such women is: “Will my husband take a second wife?” The shrines are often little more than a carved niche in a rock, with colourful prayer flags tied to nearby trees. Jinn are said to be attracted to the ancient geography of shrines, many of which predate Islam; as some have it, the shrines were attracted to the jinn.

Islam teaches that jinn resemble men in many ways: they have free will, are mortal, face judgment and fill hell together. Jinn and men marry, have children, eat, play, sleep and husband their own animals. Islamic scholars are in disagreement over whether jinn are physical or insubstantial in their bodies. Some clerics have described jinn as bestial, giant, hideous, hairy, ursine. Supposed yeti sightings in Pakistan's Chitral are believed by locals to be of jinn. These kinds of jinn can be killed with date or plum stones fired from a sling.

But to more scholarly clerics jinn are little more than an energy, a pulse form of quantum physics perhaps, alive at the margins of sleep or madness, and more often in the whispering of a single unwelcome thought. An extension of this electric description of jinn is that they are not beings at all but thoughts that were in the world before the existence of man. Jinn reflect the sensibilities of those imagining them, just as in Assyrian times they were taken to be the spirits responsible for manias, who melted into the light at dawn.

**Hardly a week passes in the Muslim world without a strange story concerning them. Often the tales are foolish and melancholy**

## When a donkey brays

The English word genie, from an unrelated French root, is now too soft and gooey with Disney's Aladdin to catch the acid qualities attributed to jinn. Sepideh Azarbaijani-Moghaddam, a specialist on Afghanistan who has undertaken anthropological research on jinn belief, reckons she may once have been in the presence of jinn. She was riding with others in the Afghan province of Badakhshan. It was towards dusk. They came down into a valley forested at the bottom. The horses tensed. “Suddenly from out of the trees I felt myself being watched by non-human entities.” A cold fear overcame her, “the fear of losing the faculty of reason”. A Kabul cleric describes this sort of feeling as a shock at the existence of otherness. Animals sense it also: when a donkey brays, it is said to be seeing a jinn.

Unbelieving jinn, those who resisted the Koran, are shaytan, demons, “firewood for hell”. Many Muslims see the devil as a jinn. Some reckon the snake in the Garden of Eden was a shape-shifting jinn. All this may yet play a part in the war on terrorism. Factions in Somalia and Afghanistan have accused their enemies of being backed not only by the CIA but by malevolent jinn. One theory in Afghanistan holds that the mujahideen, “two-legged wolves”, scared the jinn out into the world, causing disharmony. It is jinn, they say, who whisper into the ears of suicide-bombers.

Sheikh Mubarak Ali Gilani, a Pakistani cleric connected with a jihadist group, Jamaat al-Fuqra, has given warning to America that its missiles will be misdirected by jinn. It was all very different in the days of King Solomon, who was said to have had control over jinn and used them as masons in building the temple in Jerusalem. The Jewish influence over jinn is strong. It is probably no coincidence that the inscription on Aladdin's lamp, which bound the jinn, was engraved with Hebraic characters. Believers in abduction by aliens like to think jinn are aliens; some of the more confrontational Muslim clerics dismiss claimed apparations of the Virgin Mary as the work of jinn.

The story of Ahmed Shah Masoud, the commander of Afghanistan's Northern Alliance, clearly shows up the link between jinn and myth-making. Masoud resisted the Soviet Union and the Taliban from his base in the Panjshir valley until he was assassinated by al-Qaeda operatives on September 9th 2001. According to local legend, Muslim jinn were on his side. One of his fighters was said to have slain a dragon in a mountain lake during the Soviet occupation and

**The jinn demanded a cigarette, then another, and then**

to have brought the dragon's jewel to Masoud, with the help of Muslim jinn. In murdering Masoud, some Panjshiris say, Osama bin Laden declared war on Muslim jinn also. This is obvious, they say, from Mr bin Laden's insistence on division and violence.

**it became impatient and swallowed lighted cigarettes whole**

Your correspondent spent a night with Masoud's former bodyguards in the Panjshir. The men were employed to look after Masoud's tomb. His office was locked. The bodyguards sat cross-legged on the floor of a room opposite. A kerosene lantern flickered. Machineguns were propped against the bed-rolls. A few men went outside. The first winter snow was falling on the jagged peaks that towered up on all sides. It was fiercely cold. A dog limped below, ears flat, tail between its legs. It whimpered. The men looked at the dog. “The jinn is still here,” one said. “Bismillah,” responded the others. They pointed out jinn settlements just below the snow-line on the mountain slopes. Inside, over plates of mutton and grey rice, tea, snuff and Korean cigarettes, they told the story of how the cook had been possessed by a jinn the week before. He was a devout man, they said, a non-smoker and illiterate. “He fell ill. When he recovered, he found he could speak and write in many languages. The jinn that was in him was well-travelled but also pushy. It demanded a cigarette, then another, and then it became impatient and swallowed lighted cigarettes whole.”

In Somalia, the port of Bossaso is famous for its sorcerers. Some of its ruling class claim to have intermarried with jinn long ago. On a recent visit your correspondent was taken to a metal shed at the edge of a slum where jinn were supposed to be banished from taking human form. The air inside the shed was thick with frankincense. There was a man cloaked in red cloth kneeling on the ground. A jinn was in him, a sorceress running the ceremony said, and indeed the man wore an eerie expression, as though a part of him was obscured. Young men jumped up and down around him, chanting and beating drums. The gunmen accompanying your correspondent were too scared to step into the shed. Later, walking away from the shed in hot sunshine, one of the gunmen insisted that he could see a jinn scavenging for bones in the dirt. There did not appear to be anything there.

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Holy places

# A child of Bethlehem

Dec 19th 2006
From The Economist print edition

AP

**No end of history**

LIKE children the world over, five-year-old Ramiz has a weakness for flickering screens. He spends hours watching Walt Disney cartoons, helpfully dubbed into Arabic. But Ramiz also enjoys bedtime stories from his grandmother about the events that are supposed to have taken place in the stony fields around his house at least 3,000 years ago.

His granny, a bustling Palestinian Christian housewife, is a talented narrator. She tells him about smooth-skinned Jacob and his hairy twin Esau—and of the cunning ruse by which Jacob tricked their blind father Isaac into mistaking one son for another, and so secured a paternal blessing. As the hazy light, refracting off pale stone houses and potholed roads, gradually fades, this snippet of local lore sounds as though it happened yesterday.

Nor, of course, is that the only Bible story associated with the olive groves and scrubby pastures near Ramiz's home in Beit Sahour, one of three townships which form the conurbation of Bethlehem. With a fine garden of orange trees and scented jasmine, his home adjoins the traditional site of the Shepherds' Field: where angels are said to have filled the sky and informed an astonished group of pastoralists that an infant destined to save mankind was lying up the road in a hay-trough. Hard to believe for a boy growing up in an electronic age? Ask Ramiz: the stars over the Judean desert are so bright they could portend almost anything, however miraculous.

Like every youngster who grows up in Bethlehem, Ramiz is learning to deal with life as a series of negotiations. To begin with, there are several different sets of Christian symbols. If he is lucky, a grinning Santa in a red cloak with white trimmings will visit his school this Christmas and dole out presents—personifying a modern, Teutonic idea of an early Christian bishop called Nicholas, revered in Bethlehem for centuries before anyone sang “Jingle Bells”. From his family, Ramiz will hear an older version of the Bible story. Like the majority of Christians in Bethlehem, his parents are Greek Orthodox. But many other Christian confessions exist in the town, and the faithful rub along alright, even if the clergy squabble.

Then there are the relationships with the family's Muslim neighbours. In Beit Sahour, dealings between Christians and Muslims have usually been amicable. But now that Palestinian politics are dominated by the Islamists of Hamas, the business of daily life has become more complicated. So far, the Christians of Bethlehem insist, Hamas has treated them decently—turning back, for example, from proposals to make

Sunday, the Christian holiday, into a working day. But the Christians would not be human if they did not regard Hamas rather warily. When the Islamist movement first emerged around 1987, people in Beit Sahour saw it (not absurdly) as part of an Israeli ploy to undermine relations between Muslims and Christians.

Lastly, dominating the calculations of every grown-up in Bethlehem, there are the Israeli authorities, which have held ultimate sway in the city ever since the West Bank was occupied after the 1967 war.

Since the outbreak of the second Palestinian *intifada* in autumn 2000, the civilian residents of Christianity's home town have lived through some terrifying moments. First there were nightly battles between Palestinian fighters who requisitioned buildings in Beit Jala—the mainly Christian hill-town which forms Bethlehem's western wing—and the Israeli army. Then there were incursions by Israeli forces, complete with armour, who said they had to stem the threat to civilians from fighters based in Bethlehem.

These incursions culminated in the siege of the Church of the Nativity in spring 2002, a 40-day stand-off between Israeli snipers and armed militants sheltering in the ancient building. Nothing quite like that has happened since. But in one particularly tragic incident in spring 2003, for which an apology was made, Israeli forces mistakenly opened fire on a car and killed a ten-year-old girl called Christine.

Compared with those fearful days, life in Bethlehem is now relatively peaceful, but every so often there is an armed clash when an arrest by Israeli forces, discreetly but perpetually present in the town, leads to protests. Meanwhile, the local economy is in deep crisis as traditional sources of revenue—work in Jerusalem, and tourism—have dried up; it is now very hard for most Bethlehemites to obtain Israeli permits to leave their town. For outsiders, entering the town is not quite so difficult, but it can involve long waits and searches.

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In an Israeli-Palestinian conflict where both sides are ever more entrenched, Bethlehem stands in the front line, just a few miles from the glitter and prosperity of Jerusalem but enclosed in a separate universe. An eight-metre (24-foot) high barrier is gradually encircling the smaller town, obscuring the views of Jerusalem which its high elevation once afforded.

The combined effect of the wall, land confiscations, checkpoints and expanding Israeli settlements, linked by settler-only roads, causes every Bethlehemite to make the same complaint: we are being strangled. Rachel's Tomb—the site which used to mark the entrance to Bethlehem for travellers coming south from Jerusalem—has been sealed and surrounded by razor wire.

Not surprisingly, almost everything that is written about this place notes the contrast between the town's sentimental associations—for the millions of people who mark Christmas with cribs, trees and stars—and the tough, unsentimental realities of daily life in a modern Palestinian community of 60,000. (About 35,000 live in Bethlehem proper, which has a Muslim majority, and the adjoining, mainly Christian settlements of Beit Jala and Beit Sahour account for about 12,000 each. A further 15,000, virtually all Muslim, live in UN refugee camps.)

The Israelis have no time for sentimentality about Bethlehem either. They say the wall is necessary to keep out suicide-bombers; indeed, they argue that half the terrorist attacks against Israeli civilians in 2004 originated in Bethlehem. More specifically, they cite a need to shield the new Jewish settlements of Gilo and Har Homa, partially built on old Bethlehem land. Bethlehemites retort that the wall's main aim is not to provide security but to entrench the new “facts on the ground” established by the gradual

appropriation of their vineyards and orchards. “Beit Jala has lost half its land, central Bethlehem has lost a quarter, and Beit Sahour a third,” grumbles one resident—a fair summary of recent changes in the city's boundaries.

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Given that the inflow of tourists has slowed to a trickle, and most only stay for a few hours, the city's shops are in the doldrums and unemployment is well over 50%. Indeed, one of the mysteries about contemporary Bethlehem is not why many people are discontented, but how the place survives at all.

One answer is that conservative family bonds, both Christian and Muslim, keep society intact—but there are signs of a community on the verge of breaking down. “Fathers come to us in desperation, saying they cannot feed their families, and we have to provide discreet help,” says Bishara Awad, the president of Bethlehem Bible College, an institution whose Palestinian staff train tour guides and pastors.

## Cut off without a penny

The finances of Bethlehem town hall, as explained by the deputy mayor, George Sa'adeh, are in a pathetic state. Its expenditure in normal times would be a modest 12m Israeli shekels ($2.8m) per year, divided about equally between pay for 180 employees and services such as rubbish collection. But “you can't collect taxes from unemployed people”, so council-tax arrears amount to around 10m shekels. With the Palestinian government unable to help, the town is sliding deep into debt.

Along with the Christian mayor, Victor Batarseh, Mr Sa'adeh benefits from an old Ottoman arrangement whereby local power is shared by Christians and Muslims. Eight places on the city council, including the two top jobs, are reserved for Christians; the remaining seven seats are held by Muslims. The current occupants include five representatives of Hamas and one from Islamic Jihad, an even more militant group whose posters adorn the streets. Despite the religious differences, the town council presents a united front. Last summer, when two American congressmen put forward a resolution accusing Muslim Palestinians of persecuting Christian ones, councillors of both faiths told them to mind their own business.

About 15 years ago a British social anthropologist, Glenn Bowman, observed how Bethlehem's Christians and Muslims bonded through common veneration for certain holy places—such as the monastery of the Prophet Elijah, a Greek Orthodox institution north of Bethlehem. Back in the 1990s, both Christians and Muslims went there to picnic on the annual feast of Elijah. But now the site lies outside the town's new limits, so very few people can go.

**Let us go now even unto Bethlehem, and see this thing which is come to pass**

This is all very puzzling for a five-year-old like Ramiz. Luckily there are neighbours and family friends who can answer his questions. One such neighbour is a professor of comparative literature, Qustandi Shomali, whose first name—a variant of Constantine—recalls the Byzantine emperor who built Bethlehem's first church 1,700 years ago. For many generations the Shomali family has interpreted this landscape to visitors while nurturing its own sophisticated understanding of sacred geography and history.

As Mr Shomali knows well, Bethlehem has always been connected with homelessness and forced migration, and with the paradoxical ways in which wealth and poverty, power and impotence can be intertwined. All these associations existed long before the King of Israel was born amid the lowing

cattle—and even before a much earlier monarch, called David, emerged from this modest settlement.

It was in Bethlehem, after all, that a poor widow called Ruth pined for her distant homeland, even as she settled down with a rich local farmer called Boaz. (Their descendants included David, as well as Joseph, the earthly father of Jesus.) And the traditional location of Boaz's fields corresponds precisely with the land that the Shomali family has always farmed.

## Land of our fathers

As Mr Shomali recalls, his forebears literally provided images of Ruth and Boaz for Western pilgrims. His great-great-grandfather posed as Boaz, and a female forebear as Ruth, for the benefit of a 19th-century German photographer, and the resulting picture was widely reproduced.

A few years earlier, in 1850, the Franciscans had acquired title to some of his family's land but allowed the Shomalis to keep farming it. More recently, the Catholic religious order built a church to commemorate the vision of the shepherds.

But Mr Shomali insists that his family had no need of pious Western visitors to teach them the significance of their lands. Well before a new wave of Western pilgrims turned up in the 19th century, his forebears maintained the tradition that Jacob had settled in Beit Sahour after burying his wife Rachel. They also cherished the notion that lambs for the Jewish Passover were reared in their fields. “It is very natural for our family to be living here, more natural than it is for, say, Christians to live in Australia,” the professor sighs.

If only things in the Middle East were moving forward, people like Mr Shomali—members of the extrovert, multilingual intelligentsia of Bethlehem—might be forging partnerships, professional and social, with their Israeli equivalents. Back in the 1990s, when the peace process still looked promising, that was beginning to happen.

But for the immediate future at least, most of those Israeli-Palestinian relationships have been frozen. Israeli citizens are not allowed to visit Bethlehem without special permits, and only a handful of Bethlehemites can now visit Jerusalem or anywhere in Israel. Any help that Bethlehem gets from the outside world tends to come from places far beyond Israel, such as European NGOs, churches and city councils. Nordic NGOs, for example, help to fund the broadcasting studio where Ramiz's father Ala is a production manager.

On days when there is no school, Ramiz likes to go to work with his dad. As they chug their way up the steep hill in a car caked with dust, they are—if you believe the local tradition—following precisely the mile-long journey which those awe-struck shepherds made: “Let us go now even unto Bethlehem, and see this thing which is come to pass.”

Sometimes Ala and Ramiz follow the shepherds' route all the way to the Church of the Nativity, a place of endless fascination. It is, in fact, a complex of churches: a big, echoing Greek Orthodox basilica—one of the oldest places of continuous Christian worship—full of faded frescoes and glinting silver, and adjoining it a Catholic church with varnished pews where a Westerner would be more at home.

In the crypt of the Greek church, pilgrims kneel before a pointed silver star, inlaid in marble, which is said to mark the location of the birth of Jesus Christ: not in a stable, according to Greek tradition, but in a cave where animals were also kept. As scholars have pointed out, the idea of a child being born to a poor family in one of Bethlehem's many caves because there was no room elsewhere is quite plausible.

Among the labyrinth of sacred grottoes below the Church of the Nativity, one has an especially solemn feel: it is dedicated to the Holy Innocents, the babies said to have been slain by King Herod in his desperate attempt to eliminate a potential rival. Whatever the holy sites of Bethlehem symbolise, it is not a world free of pain.

Indeed, if the sacred places of Bethlehem and the community that guards them have remained intact for many centuries, that reflects resilience in the face of frequent adversity—as well as good fortune.

The Persians who sacked Jerusalem in the early seventh century are said to have left the Nativity church alone because a mosaic showed the Magi—the wise men who brought gifts to the baby Jesus—in Persian

attire. The Muslims left the church intact because of their own faith's respect for Jesus and his mother. Muslims and Christian women alike still flock to the Milk Grotto, where Mary is said to have breast-fed Jesus as the family was fleeing. As in so many shrines in the Ottoman world, women of both faiths leave scribbled supplications for a successful conception.

AP

The extraordinary thing is not that perhaps 3,000 Bethlehemites have emigrated since the *intifada* started but that so many stubbornly stay, with no visible means of support. “We are becoming a little town of Bethlehem,” grumbles Jad Isaac, a science professor with a Bethlehemite's gift for mixing Western and local metaphors. The wall has deprived his family of access to land it had held since 1563. “Every day you see evidence of emigration—houses for rent, businesses for rent—but I will resist emigration. If I am taken away from Bethlehem, I am like a fish out of water, because this landscape is deep inside me.”

Mr Sa'adeh, the deputy mayor, who is also headmaster of a school which Ramiz will soon attend, agrees that his community has a duty to hold on as guardians of the “capital of the Christian world”. For reporters visiting Bethlehem, Mr Sa'adeh is a favourite interviewee, and not just because of his job as a teacher and councillor. A retiring, bespectacled figure, he is the father of Christine, the ten-year-old who was killed in 2003. As a Christian, people ask, can he forgive his daughter's killers? “Yes, we do forgive, but we can't forget,” he says quietly, in a school office where Christine's photo adorns the wall. “My hope is that no more children from either side of this conflict will die.”

As the teacher speaks, his future pupil Ramiz is horsing about in the playground. For him, the schools, churches and holy fields of Beit Sahour are still a place of wonder. But when he grows older, this child of Bethlehem will have lots of wise people on hand to explain the mysteries of his birthplace.

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The Maldives

# Waving or drowning?

Dec 19th 2006
From The Economist print edition

**1,200 islands; 600,000 tourists; 300,000 natives; two countries**

Lonely Planet

IN THE Seagull Café a young man is talking quietly to two others who are taking notes. He is describing how he was tortured in prison and by whom. Sipping his espresso at the next table, Ahmed Abbas, a leading opposition figure and cartoonist, is eavesdropping. He is puzzled: not by the torture victim's routine tale, but by the identities of the three men. How can it be he does not know them?

This is a vignette not from the dying days of some despotic East European country, but from a day this September in Male, capital of the Maldives, a tropical paradise. The country is a clutch of atolls, with some 1,200 coral islands, about 200 of which are inhabited, strung like so many pearls in a necklace across hundreds of miles of the Indian Ocean.

The Maldives is best known as an upmarket tourist destination, with miraculous marine life and luxurious beachside bungalows offering the ultimate in romantic holiday hideaways. It is also known as the country likely to be the first to drown when global warming raises sea levels. The devastating tsunami of December 2004 seemed in the Maldives, more than anywhere else, a herald of the apocalypse. But the country is also gaining attention for a third reason: political and social ferment among its 300,000 people.

Thanks to its geography, the Maldives operates a unique form of tourist apartheid that has allowed visitors to ignore the signs of growing discontent. Eighty-eight otherwise uninhabited islands have been turned into resorts, attracting more than 600,000 visitors each year. Mahamoud Shougee, the tourism minister, says that the average tourist spends more than $300 a day. Once they have cleared immigration and customs, visitors need not bother themselves with the Maldives at all. They will reach the resort by speedboat or seaplane and need never leave it except for diving or sunset dolphin-viewing. They may not even need the local currency, the rufiyaa. (A shame: the banknotes, designed by Mr Abbas, are rather pretty.)

Some tourists do sample the rather sparsely stocked souvenir shops of Male, which has a claim to be the most densely populated town in the world, with more than 100,000 people packed into two square kilometres, many of them sleeping in shifts. But the only Maldivians the tourist cannot avoid will be working at the resort, where they will probably make up about half the staff, working alongside temporary migrants from India, Sri Lanka and so on. There, extraterritorial rules apply: alcohol flows, prayer times pass unnoticed and the occasional bikini top is sacrificed on the altar of a better suntan.

Even the environment has been rebuilt to meet international needs: artificial beaches make up for any sandy shortcomings, and chemical warfare is waged on mosquitoes and sandflies.

But, as Mr Shougee points out, many of the Maldives' visitors are less interested in experiencing a new country than in exploring each other. Many are on honeymoon. Mohamed Ibrahim Didi, of the Full Moon resort, near Male, says that 12% of its customers are newly-weds and a further 38% are “repeaters”. (One man has come back 38 times. It is not clear how many weddings that involved.) Most holidaymakers are European. The Maldives' fastest-growing market, however, is China. The Chinese mostly travel in groups, but these are not low-budget travellers. A jaded lady guiding fortnightly groups from Shenzhen, the boomtown next to Hong Kong, is proud to boast about the wealth of her charges.

## Raising the bar

The boom has ridden out the tsunami, which seemed at the time to threaten the entire industry. Nearly a quarter of the resorts had to suspend operations. Occupancy rates for 2005 fell to 64% from 2004's 84%, but by this year had recovered. For hoteliers, the Maldives must indeed seem like paradise. One, recently transferred from Fiji, is still rubbing his hands in glee at the margins available on selling drinks. Mr Didi, however, insists that things are not as good as they look. High prices are largely a result of transport costs: “We make nothing in the Maldives except fish.”

That is why tourism makes up a big chunk of the Maldives economy—about one-third of GDP. This share will almost certainly rise. A further 53 resorts are at different stages of planning and approval. Malcontents still grumble that the potential is being squandered. Mohammed Latheef, an opposition leader, says the Maldives should be comparing its wealth with, say, Singapore's rather than India's.

Lonely Planet

There are also accusations that the tourism industry has favoured the wealthy and cronies of the regime. Friends of the Maldives, a British pressure group, has campaigned for a boycott of resorts linked to the government. Mr Shougee acknowledges that the old system of awarding leases for resorts was open to accusations of favouritism.

In its place, the government has introduced, for most resorts, a straightforward competition over the bed rent—the annual fee paid to the government for each available bed, a sizeable part of which has to be paid up-front as a deposit. In the first few months of 2006 this helped raise more than $50m for the government, plugging a dangerous hole in its finances. However, the scheme has also drawn criticism for favouring the very rich. So a smaller second category of resorts are open to “rent-controlled” bids, with lower bed rents, where leases are awarded by lottery where there are many bidders (and there always are). Another attempt to spread the benefits of all the foreign dosh is through the Maldives Tourism Development Corporation (MTDC), an investor in resorts, which is 55% owned by 20,000 individual Maldivians, each restricted to a tiny shareholding allotted at a low price.

It is, says Mr Shougee, a “taxation model” of tourism, in a country with no income or corporation taxes. However, Hassan Saeed, the attorney-general, argues that even the “rent-controlled” resorts are too expensive for all but plutocrats to bid for, and that many of the apparently poor MTDC shareholders are in fact nominees for the wealthy.

## Your paradise, my hovel

Tourism has made the country by far the richest in South Asia, with a GDP per head in excess of $3,000. But a tour of a few inhabited islands far from Male shows how unevenly tourist wealth is spread. On Meedhu in Dhaalu Atoll, big families live in cramped houses on tiny plots of land with no space to grow anything except coconuts and betelnuts. The only business is fishing, but there is no cold storage or cannery. The fishermen who haul in the tuna smoke it to keep and sell.

AFP

Economic inequality, a lack of opportunities for the young and sheer boredom have led to what many Maldivians call a “social crisis”. The most obvious symptom is an epidemic of heroin addiction. Mohammed Rashid,

who runs an after-care centre called Journey in Male, says that every family in the Maldives is affected. He was an addict for 19 years, progressing like many others from cannabis oil to heroin when it became widely available in the early 1990s. He knows his subject. His previous job, when he was still using heroin, was in the police's drug-control bureau.

The other big social trend seems contradictory: the spread of a more conservative strain of Islam, in a country where professing the religion is, in effect, a condition of citizenship. These days about three-quarters of the women in Male are wearing headscarves. This is a recent phenomenon: the Maldives has no tradition of women covering themselves and, in general, prides itself on its liberalism.

Some think Muslims in the Maldives are responding to global pressures, feeling their faith under attack. Others see a deliberate attempt by the president, Maumoon Abdul Gayoom, to bolster his own power, which after 28 years of iron rule has lately been looking shaky. Among the many constitutional roles played by Mr Gayoom, who studied Islam in Cairo and taught it in Nigeria, is that of head of all Islamic institutions. So bound up is Islam with Maldivian identity that even Mr Gayoom's fiercest critics shy away from advocating complete religious freedom.

Over the past three years the Maldives has been rocked by anti-Gayoom protests, another new phenomenon in a hitherto tightly controlled society. Until 1965 the Maldives was, loosely, a British protectorate. On full independence an old sultanate was restored, with Ibrahim Naseer as prime minister. In 1968 the Maldives became a republic, and Mr Naseer its president. He proved a dictatorial one. So when Mr Gayoom took over ten years later and promised to turn the Maldives from “autocracy to democracy”, some of those now leading the opposition cheered. But they argue he too became an autocrat whose regime, despite some democratic trappings, has clung on to power through coercion, fear and torture.

AP

The new constitution did not emerge until 1997. It enshrined Mr Gayoom as head of state, government, judiciary and the security forces, as well as, in the words of the opposition's Mr Latheef, “God's agent”. Such power inspires some awe. One politician recalls being told off by an old lady for daring to criticise the president: his signature is on the banknotes, she argued, so all wealth flows from him.

In 2004, some of this was supposed to change. *The Economist* received an e-mail from Hill & Knowlton, a British public-relations firm, which announced, in effect, that on June 9th the Maldives was to become a democracy. Mr Gayoom's supporters had always portrayed him as a revered, popular leader, endorsed six times by a huge popular mandate. But even he seemed to have accepted that not all was well, and promised a raft of radical-looking democratic reforms. The process is supposed to culminate in a new constitution and competitive multi-party elections in 2008. Some reformist members of his government—the “new Maldives caucus”—take advice on policy and its presentation from Hill & Knowlton. The government has even held talks with the opposition.

Things began to unravel on September 19th 2003. A young man called Evan Naseem was tortured to death in the Maafushi prison—not a rare event, by most accounts, but it led to unrest in the jail. The police opened fire, killing three people. News of the shooting led to violent riots, with several police stations set on fire. They were quelled with a state of emergency, a curfew and mass arrests.

Among those detained was Mr Latheef's daughter, Jennifer, a young journalist. Mr Latheef fled the country for Sri Lanka, where he launched an opposition party, the Maldivian Democratic Party (MDP). At the time, political parties were still banned in the Maldives. Mr Gayoom's resounding electoral successes relied on a system where the parliament, or *Majlis*, chooses a president who is then put to a popular vote for endorsement.

In July 2005 a law allowing political parties to register was passed. Four have done so, including the MDP and Dhivehi Rayithunge Party (Maldivian People's Party), led by Mr Gayoom. *Majlis* elections had already been held in January 2005, despite the tsunami. Candidates backed by the inchoate MDP won 19 out of 42 contested seats, including all four in Male.

Since June 2004 the Maldives has signed some international human-rights conventions. It has drafted new laws on the freedoms of assembly and expression, and set up a “special” *Majlis* to amend the constitution. A “police integrity commission” has been promised to oversee the force, whose brutality and impunity is at the heart of opposition grievances. This year Jennifer Latheef was freed and given a presidential pardon (which she rejected, not wanting to admit wrongdoing). The MDP's chairman, Mohamed Nasheed, who had been arrested and charged with treason, was likewise freed from house arrest in September.

Some of this was agreed on at talks with the opposition held in Sri Lanka, under the auspices of the British High Commission. The gist of the agreement, according to Mr Nasheed, is that “we will not foment revolution if Gayoom is willing to step down.” Mr Nasheed, a charismatic 39-year-old, argues that keeping the MDP's side of the bargain is not that easy after the success of people-power rebellions in countries from the Ukraine to Nepal. Impatient party members hanker for the streets.

As for the government's side of the bargain, the MDP argues, rightly, that there is far less to most of the reforms than meets the eye. In September an e-mail came to light from the much-feared chief of police, Adam Zahir, to an MDP member living in Britain. An expletive-laden death threat, virtually its only phrase free of obscenity was the secret policeman's chilling cliché: “I know where u live.”

In Male, too, opposition supporters still felt persecuted. Abdullah Saeed, for example, a journalist, had been sentenced to 25 years in prison for drug-dealing. He used to work at the government's television station and had resisted blandishments to quit the main opposition newspaper and return to the fold. Summoned to a police station, he had, the prosecution suggested, taken the unusual precaution of stuffing his pockets with heroin.

Larger-scale repression persists. When the MDP planned a big rally in Male for November 10th, the government responded by detaining more than 100 of its activists, forcing the MDP to call the demonstration off at the last minute.

Hassan Saeed, the attorney-general, a leading “new Maldivian”, insists the government is sincere: “Everyone knows reform is imminent and inevitable.” He himself claims to have transformed the judicial system, cutting the percentage of convictions based on confessions from 97% to 9%, thereby giving police less of an institutional incentive to be thuggish.

For the MDP, the new Maldivians are well-meaning but ineffectual show-ponies. Even their supporters admit they have a tough battle pushing reform against the vested interests of hardliners in the security services, such as Mr Zahir, as well as in the home ministry and in Mr Gayoom's own family—notably his powerful half-brother, Adbdulla Yameen. Hassan Saeed admits there are competing factions in the government. “I am not a great fan,” he says of Mr Zahir. And his invitation to *The Economist* to visit the prison was not honoured by the home ministry.

What matters most is where Mr Gayoom stands. Tim Fallon of Hill & Knowlton is convinced it is on the reformists' side: “He's a legacy man,” and the legacy is a democracy. Most MDP leaders, however, have served time in his prisons. As Mr Nasheed, the party chairman, puts it, “in politics, you're either in government or in jail.” They do not believe in Mr Gayoom's good intentions.

The political conflict is exacerbated by regional tension, especially in the southern Adu atoll, from where the Latheefs hail. But in such a small country it still feels like a family squabble, a tiff among a tiny nation's even tinier elite. Everybody knows everybody else.

## Home and abroad

The Maldives' internal struggles have raised concerns farther afield for two reasons beside their potential impact on the honeymoon business. Its atolls straddle sea-lanes of great commercial and strategic value. And the Maldives could play an important role in the competition for influence in the Indian Ocean among the region's powers. No one wants to see the country tear itself apart.

Second, the MDP has been good at putting its case internationally, though Mr Nasheed still feels unfairly snubbed by the West. The Maldives, he argues, is “a 100% Muslim country with democratic aspirations”, so why are America and Britain not doing more to help topple its dictator?

Freed from arrest, Miss Latheef took her campaign for human rights abroad. Ahead of the MDP's planned rally in November, she spotted on a government-run website that Ahmed Abbas had been sentenced to six years in jail. When she telephoned him at home, it was the first he had heard of it. He was soon in prison. It is not just in Wonderland that the sentence sometimes precedes the verdict.

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Genghis Khan's legacy

# Battle for Mongolia's soul

Dec 19th 2006 | ORDOS CITY, ULAN BATOR AND DARKHAN
From The Economist print edition

**On the 800th anniversary of his empire's birth, China and Mongolia both claim Genghis Khan as their own**

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SOUTH of the great bend of the Yellow River a newly built four-lane expressway cuts through the scrub-covered semi-desert of the Ordos plateau. It is a bleak landscape. Overgrazing, intensive farming and the ravages of mining have taken their toll. Legend has it that Genghis Khan stopped to admire the area's lush grasslands and herds of deer as he and his warriors passed through on a mission of conquest eight centuries ago. If today he were to follow the signs to his mausoleum, just off the motorway, he would not be so impressed.

Members of a Mongolian tribe said to have been appointed by Genghis to take on the hereditary task of guarding his mementoes are certainly not pleased with what is happening on their ancestral land near Highway 210. The few hundred Darkhats, as they are known, are among some 4m Mongols living in Inner Mongolia, a province of China. The Mongols are vastly outnumbered by ethnic Han Chinese who, encouraged by the communist leadership, have migrated to Inner Mongolia in recent decades to work in factories and turn pastureland into farms. The Darkhats are happy enough that the new motorway brings more free-spending tourists to the mausoleum. What they resent is that much of their land has now been appropriated by the local government for the development of a Genghis Khan theme park next to it. To add insult to injury, they say, a Han Chinese businessman is running it.

China's economic boom is spreading wealth into parts of the country that until a few years ago were impoverished backwaters. Thanks to soaring demand for its natural resources, Inner Mongolia is notching up faster economic growth than any other region of China: nearly 22% in 2005 (albeit from a low base). The rush to exploit coal and natural gas reserves around Ordos City, about 60km (40 miles) north of the mausoleum, is turning it into a boomtown of lavish hotels and restaurants and grandiose new government buildings.

Where there is money in China, theme parks are often quick to follow. The Genghis Khan theme park is run by the Donglian Group, a privately owned conglomerate of construction, property and education businesses based in Ordos City. With the help of the city government it acquired 80 sq km (31 square miles) of land for its project. On this it has built a luxury hotel, including a vast banqueting hall in the shape of a round Mongolian felt tent, or *ger*, where visitors can watch a song-and-dance re-enactment of Genghis's life over a meal. The theme park itself includes what is described as the world's largest Genghis Khan museum (though with pitifully few exhibits), surrounded by hundreds of giant cast-iron figures of warriors on horseback and their camp-followers.

Local Darkhats complain they have been ill-compensated for the loss of their land. They are particularly incensed by tourists being diverted to the theme park, which obscures the mausoleum in a separate enclosure behind it. Many Darkhats earn their money as mausoleum guards or selling horse rides or trinkets to tourists. They say a road built by the Donglian Group linking up the two sites has covered a sacred spot where the mausoleum once stood before the communist government built a much grander one on the present site in 1956.

Across the border in Mongolia, the plight of the Darkhats is being noted. Mongolia itself was ruled by China for some 200 years until the early 20th century. After declaring its independence in 1921 it fell under the control of the Soviet Union. But despite the brutal purges that followed, Mongolians often quip that the Soviets' grip at least helped them preserve their independence from China and avoid the fate of Chinese-ruled Inner Mongolia or Tibet. Now, with the Soviets gone, many Mongolians watch China's growing economic might with concern. Though China brings badly needed money to their tattered economy, some are beginning to fear that Mongolia might eventually go the way of Inner Mongolia, the only difference being that instead of swallowing Mongolia, China will in effect rule it by controlling its economy.

The symbol of stirring nationalism in Mongolia is Genghis Khan. This year the impoverished country has poured millions of dollars into celebrating the 800th anniversary of Genghis's unification of the Mongol tribes into a single state which became the biggest empire the world has ever known, stretching from Beijing to the Balkans. Under the Soviets, commemoration of Genghis was taboo because it reminded Russians of the humiliation of living under the Mongol yoke. But now the government, led by Mongolia's former communist party, is sponsoring a cult of Genghis, elevating him to the near-divine.

From cigarette packets and vodka bottles to bank notes and the capital's recently named Chinggis Khaan (the usual spelling of his name in Mongolia) Airport, Genghis's benign-looking image is everywhere. An equestrian statue of him is being constructed in front of the parliament building in central Ulan Bator. His face in chalk looks down on the city from a hillside. He is rarely portrayed as the bloodthirsty slaughterer of Western imagination. Genghis, say Mongolians, was a bringer of peace who encouraged trade and the flow of wealth, technology and ideas across vastly different cultures. Indeed, he all but invented globalisation.

In a country of only 2.7m people scattered over an area four times the size of Germany, national heroes are few and far between. This makes it all the more galling that Genghis is claimed by China too. Unlike the Russians, the Chinese have got round their subjugation by the Mongols by insisting he was one of their own. Genghis's grandson, Kublai Khan, founded China's Yuan dynasty in the 13th century. That, in China's view, makes Genghis himself an honorary Chinese emperor. China's Mongols are one of the country's 56 officially recognised ethnic groups, which in theory at least makes them just as Chinese as the ethnic Hans who constitute 93% of the population.

## Don't mention the bloody conquests

China has been feeling a little uneasy about Mongolia's anniversary celebrations. If Genghis Khan's bloody conquests have been somewhat sanitised for public consumption in Mongolia itself, they have been all but eradicated from Chinese histories. He is glorified for uniting China, but his armies' forays as far as the Rhine and his butchery of Muslims are never mentioned. The Chinese government worries that recalling such episodes might reinforce Western fears of a resurgent China and its military potential and undermine its cosy relations with the Islamic world.

For all China's professed admiration of Genghis, little official attention has been paid to this year's anniversary. Zhu Yaoting, a Beijing academic who wrote a biography of Genghis published in 2004, says his book was the first popular history in communist China to provide more than cursory details of Genghis's Western expeditions. But a screenplay he wrote for a television series about Genghis's life had trouble getting past the censors. The 30-episode production, which cost nearly $10m to make in 2001, was not cleared for broadcast on state television until three years later. The censors insisted on substantial cuts to avoid references to conquered regions with which modern countries might associate themselves. In Mongolia, however, an uncut Mongolian-language version of the series played this year to an enthusiastic audience.

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In the city of Darkhan, a grim place next to Mongolia's north-south railway line some 220km north of Ulan Bator, a golden bust of Genghis peers from a cabinet in the quiet office of the deputy director of the Darkhan Metallurgical Plant. Things in Mongolia's only steel plant get busier at night-time when more power is available and the plant operates at full tilt. And if the deputy director's dreams come true, they should get much busier still when the plant starts

**With the approach of the Genghis Khan anniversary “deep historical**

making steel from iron ore instead of diminishing piles of rusting Soviet-era scrap.

**animosities" were being exposed**

Darkhan has been a battleground for the nationalists, who fret that foreigners are taking control of the country's mineral wealth and shipping it out of the country with little benefit to Mongolians themselves. In recent years multinationals have poured into Mongolia to extract everything from coal to gold, copper and iron ore. The mining business accounts for most of the country's reasonably healthy-looking annual growth rate of 6-7% in the past three years. The streets of Ulan Bator, desolate at the time when communism collapsed 15 years ago, are now clogged with cars, including many luxury four-wheel drives. A large settlement of squalid shanties and *gers* has sprung up on the city's edge as former herders flock to Ulan Bator in search of a share in this prosperity.

AP

Worryingly for the nationalists, it is largely demand from China that is fuelling this boom. The Russian, Canadian, Australian and American companies digging up minerals in Mongolia see profits to be made not in their own markets but from selling to the Chinese. In April this year hundreds of nationalists staged a series of protests in Ulan Bator against the planned exploitation of large copper and gold deposits by Ivanhoe Mines, a Canadian company. The demonstrators attacked what they saw as foreign domination of Mongolia's resources.

To the horror of the multinationals, the government capitulated. A windfall tax was imposed in May on profits from gold and copper extraction when prices reach specified levels. Under a hastily introduced new law the government is entitled to own 34% of privately discovered deposits of "strategic" minerals (a vaguely defined term).

## Whose ore is it?

Chinese companies are not yet big direct investors in Mongolia's mining business. Among the largest confirmed Chinese investments is a 51% stake in a zinc mine in south-eastern Mongolia, valued at $38m in 2004. But their interest is growing fast. Deep in the rolling hills north of Darkhan is a potentially much bigger project (though still much smaller than Ivanhoe's). At the Tumurtei iron-ore deposit, Chinese workers have been digging out rock and sending it to China in dozens of trucks a day for the past couple of years, say locals; mainly to Baogang, China's largest iron and steel company.

Tumurtei is thought to be one of Mongolia's biggest iron-ore deposits. But to the consternation of nationalist politicians, the state in the late 1990s granted exploitation rights to a consortium of Mongolian and Chinese companies, assisted by a $12.5m preferential loan from the Chinese government. Your correspondent was forbidden access to the mine. But a Chinese manager at the remote site says the Chinese employees get on well with the locals, despite language difficulties. "Mongolia used to be part of China, so they think a bit like us," he says.

There has hardly been a meeting of minds on the Tumurtei deposit. Activists in Darkhan alleged the mining licence had been sold to the Chinese-Mongolian consortium illegally by an official at the metallurgical plant that had originally owned the exploitation rights. They accused the consortium of harming Mongolia's processing industry by sending the ore to China for refining. But then Mongolia has no facilities for processing iron ore. However, Darkhan's state-owned steel plant was trying to attract investment for a $1 billion upgrade to allow it to handle ore and end its dependence on dwindling scrap.

The Chinese had seen the trouble coming. An article on the Chinese commerce ministry's website—subsequently removed—noted that with the approach of the Genghis Khan anniversary "deep historical animosities" were being exposed. The potential fallout for the iron-ore mine was "not to be underestimated". In late August, the Mongolian government agreed that the mining licence had been sold illegally and declared it owned the deposit. But it lacks the money to explore and exploit its minerals by itself.

The Mongolian government has already suffered the downsides of economic nationalism. By law, all gold output is supposed to be sold to the Bank of Mongolia, the central bank. This year the amount sold has fallen by half even though production has continued to rise, says the central bank's former governor, Ochirbat Chuluunbat. He blames a windfall tax that has encouraged small producers to sell gold on the

black market rather than to the bank. Most black-market gold is smuggled across the 4,677km border with China. Taxes have also done little for Mongolia's cashmere industry, once one of the country's biggest export earners, which has been severely damaged by cheaper competition from China.

Nationalists may worry about China, but it helps to keep many Mongolians in work. South of Darkhan some of the country's many thousands of unlicensed prospectors tunnel for gold (for sale through black-market middlemen to China) in the hills. They are called *ninja* miners, after the green plastic bowls they carry on their backs in which they sift crushed rock for specks of the metal. Dozens of them live in *gers* next to the narrow shafts they have dug deep into the hillside. They stoically deny that anyone has been hurt while digging, or that anyone has fallen sick from the mercury-laden chemicals used to separate gold from ore in a makeshift processor nearby. But the Mongolian media report frequent deaths and injuries, suggesting that this is dangerous work. Still, even Mr Chuluunbat says the government “should be thankful” for the employment created by the *ninja* mining. Despite its various drawbacks, trying to ban it would be “a very bad solution”.

Close to the Tumurtei iron mine, some locals complain that the facility has provided few job opportunities. Just as Ulan Bator's construction boom has provided employment for many labourers from China (who are said to be less costly and more disciplined than Mongolians), many of the workers in the mine are Chinese. But in the county capital, Huder, residents are grateful for any jobs available. Communist-era buildings that used to house workers at an animal-feed factory, now abandoned, lie ruined and gutted. A Chinese entrepreneur who last year set up a small factory in Huder to turn the local birch trees into chopsticks (for export via China to Japan) provides welcome employment. The county chief says he is sad about the loss of the trees for the chopsticks, but they may get a reprieve. The businessman, Lan Taochang, says making a profit in Mongolia is so tough that he may pull out soon.

For all Mongolia's nationalism, the government remains acutely aware of the dangers of upsetting its powerful southern neighbour. Officials studiously avoid criticism of China, which provides vital port facilities for Mongolia's exports.

This year Mongolia allowed the Dalai Lama to visit for the first time in four years. (Mongolia's main religion before the Soviet-backed government all but stamped it out was Tibetan Buddhism, which is now making a tentative recovery.) But in deference to the feelings of the Chinese government, which objects to any overseas trips by the Dalai Lama, the invitation was issued by Ulan Bator's main Buddhist monastery, and news of the impending visit was kept secret until shortly before the eminent guest arrived.

**Genghis, say Mongolians, all but invented globalisation**

In order to avoid falling under the sway of either Russia or, particularly, China, Mongolia pursues what it calls a “third neighbour” policy. This involves remaining on good terms with its giant neighbours but also reaching out to countries such as America and Japan (Mongolia's biggest aid donor). America has been delighted by Mongolia's support for its military operations in Iraq, including the dispatch of some 200 support troops. This is the first time Mongolian troops have been stationed in Iraq since Genghis's grandson, Hulagu, conquered Baghdad.

That engagement, too, has provided some Mongolians with a frisson of national pride. A Mongolian general, given warning by an American counterpart of the dangers of operating in Baghdad, is said to have quipped: “I know. We've been here before.” When it comes to their country's relations with a resurgent China, however, Mongolians have no interest in seeing history repeated.

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Sugar

# Sick with excess of sweetness

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From The Economist print edition

**A great poet's brushes with the world's first consumer boycott**

Bridgeman

POETS and sweetness go together, or so the Greeks thought. Homer, lying in his cradle, was brushed on his lips by honey bees; Plato saw poets themselves as bees gathering nectar in the garden of the Muses. So it is hardly surprising that Percy Bysshe Shelley, lover of both Homer and Plato and an extraordinary poet in his own right, had a very sweet tooth indeed.

He loved dried plums, figs, apples and oranges. He doted on gingerbread and cakes. If you turned out the pockets of his black denim jacket (a jacket his wife Mary, a proper sort, was forever trying to get him to change) you would find, alongside Aeschylus and Sophocles and miscellaneous pencils and a penknife and a damp handkerchief, a good store of pudding-raisins. He could make a supper of these raisins, just by themselves, eating them one by one from a particular flowered china plate. Honey, of course, he loved especially, slathered on bread and butter or crunched in the comb until the sticky goo ran down his chin. So sweet was his tooth that he would tiptoe up to pine trees and lick their resin, hoping it would taste as treacly as it looked.

Yet to have such saccharine tendencies at the start of the 19th century was politically tricky. The easiest way to make things sweet, then as now, was with white sugar. This was bought as a loaf, stored in a drawer, chopped with a knife as needed, pounded in a mortar and served in a bowl: with tongs or spoons if elegant, with fingers if not. But the filthiness of the servant's nails was not the worst of it. Sugar's problem was much more serious and “ghastly”, to use a favourite Shelley expression. In the words of the Baron d'Holbach, a famous materialist philosopher, not a cask of it came into Europe “to which blood is not sticking”.

The young Shelley read Holbach avidly. But he preferred the poems of Robert Southey; and Southey was even more explicit about where sugar came from.

> The scorching Sun
> As pityless as proud Prosperity,
> Darts on him his full beams; gasping he lies
> Arraigning with his looks the patient skies,
> While that inhuman trader lifts on high
> The mangling scourge. Oh ye who at your ease

Sip the blood-sweeten'd beverage! Thoughts like these
Haply ye scorn: I thank thee Gracious God!
That I do feel upon my cheek the glow
Of indignation...

Sugar was planted, cut and refined in conditions of appalling barbarity in the British-governed West Indies. Until the trade was stopped by the efforts of William Wilberforce and by act of Parliament, the slaves had been shipped there on vessels chartered out of Liverpool and Bristol, the two biggest slave-trading cities in the world. In 1787 alone, 38,000 shackled slaves were transported in English ships. Even after the trade stopped, the slavery persisted; it was not abolished in the British empire until 1833-34, and the stigma of slave-production clung to sugar for a good deal longer.

For young radicals, therefore, sugar was difficult to tolerate. Distaste for it was the first proof of the romantic and poetic imperative to feel the sufferings of others. It also marked—to put it in modern terms—the moment when consumers became globally aware, conscious that their own pleasure had involved the exploitation of other human beings many miles away. As a young man devoted to liberty, justice and philanthropy, Shelley was bound to approach sugar with a very long spoon.

In 1792, the year he was born, an organised consumer boycott had started against West Indian sugar. It was probably the world's first. Like all boycotts since, this one was fired by pamphlets, propaganda, questionable statistics and the sheer energy of relatively few people. The first manifesto of the Anti-Saccharine Society deliberately shocked the public by showing a cross-section of a slave ship, the shackled men packed in head-to-toe like sardines. The society claimed that if 38,000 families abstained, the planters' profits might fall so far that the trade would end.

At the peak of the boycott, according to Thomas Clarkson, one of its leaders, at least 300,000 people had given up sugar. Grocers reported that sales were falling by half. According to James Gillray, the vitriolic chief-caricaturist of the day, abstention even reached Buckingham Palace, where George III and Queen Charlotte urged the sulking princesses to take their tea unpolluted: “O my dear Creatures, do but Taste it! You can't think how nice it is without Sugar:—and then, consider how much Work you'll save the poor Blackamoors by leaving off the use of it! —and, above all, remember how much expence it will save your poor Papa!”

## The tyrant's friend

With the abolition of the slave trade in 1807, the boycott withered. No one could quite agree whether it had done the trick; slave revolts in the colonies might have had more impact. And the general public had never really got the idea. “I own I am shock'd at the purchase of slaves,” wrote William Cowper, speaking for many:

I pity them greatly, but I must be mum,
For how could we do without sugar and rum?
Especially sugar, so needful we see,
What? give up our desserts, our coffee and tea!

In radical circles, however, West Indian sugar remained in disgrace. The job, after all, was only half done. Or perhaps less than half: Shelley, for one, did not believe the British interest in the trade had ended. In 1824, two years after Shelley's death, another boycott on sugar was proposed.

Shelley himself had two particular reasons for avoiding the blood-caked white powder: the oppression it represented, and its importance for the nefarious projects of the British government. Sugar was a supremely handy commodity, a luxury in universal use that was easily taxed at entry. The governments of Pitt, Grenville and Liverpool made full use of it to fund what Shelley called their “liberticide” wars against the revolutionist Americans and the French. By 1815 the tax on sugar brought in almost £3m a year, more than the revenue from wine or tobacco: a sweet slush-fund for tyrannous behaviour.

Bridgeman

Yet to give up sugar was no small sacrifice for Shelley, or for most other Britons at the time. On average each family consumed five pounds (2kg) a week, and sugar was the country's biggest import. Between 1650 and 1800 British consumption had risen by 2,500%. Eating of sugar was driven by drinking of tea, and sweetened tea had become the beverage of choice. It was served in the primmest parlours, but also quaffed by labourers beside the roads.

For Shelley, tea-drinking was a passion. He freely downed cup after cup. When people called him an atheist (which he was), he would reply that on the contrary he was a *théist*. But into tea, normally, went sugar. Shelley seems to have tried to avoid the problem by going for the best green tea which, unlike black tea, was smooth and sweetish by itself. But in general the only sweetness a true lover of liberty could allow himself in tea was the kind Shelley found at the home of his friends the Boinvilles in 1814: the delicate grace of a young woman as she handed him a cup, and her tenderness as she sponged him down afterwards (he having spilt the stuff in his emotion).

As the etiquette of tea-drinking was complicated, so too was the etiquette of West Indian sugar-avoidance. The wilder elements conducted public smashings of teacups besmirched by sugar, but most abstainers tried to make their point more politely. Some bought East Indian sugar instead, which was a good deal more expensive. Grocers advertised this as sugar produced by freemen, though it later transpired that many slaves laboured in those canefields too. Such sugar, nonetheless, could be served in gold-rimmed bowls bearing the words “Not produced by Slaves”. When tea was served, the hostess would ask: “Are you a friend of the planter?” The expected answer was no; in which case no sugar would be offered.

In 1817 Thomas Love Peacock—a friend and neighbour of Shelley's in those days—wrote a tea-taking scene in his comic novel “Melincourt”. The host, one Sylvan Forester, was based on Shelley. Forester was the organiser of the local Anti-Saccharine Society, never suffering “an atom of West Indian produce to pass my threshold”, including the sugar concealed in currant-jelly. When a guest, helping himself to tea, mildly observed that the sugar was missing, he drew down a rant that ended: “How can the consumer of sugar pretend to throw on the grower of it the exclusive burden of their participated criminality?...the use of sugar is economically superfluous, physically pernicious, morally atrocious, and politically abominable.” The guest, shattered, “poured some cream into his unsweetened tea, drank it, and said nothing”.

He could have found arguments against, of course. Abstainers were told that their virtuousness was hurting commerce and depriving the country of revenue. By cutting the planters' profits, they might also be worsening the condition of the very slaves they assumed they were helping. But most of all, they were hypocrites. If they were truly serious about boycotting slave produce, they would also eschew the coal in their fires and the shirts on their backs, both produced under dreadful conditions in Britain itself.

Shelley, though he read accounts of the northern cotton mills, and was horrified by them, boycotted neither the coal nor the shirts. Like everyone else's, his consumer rage was selective. And then there was his sweet tooth.

His friend Thomas Jefferson Hogg caught him one day making a peculiar dish called panada. He tore off “a surprising quantity” of bread, piled it in a bowl and poured on boiling water. Then he strewed it with nutmeg, which made it look interestingly gory. “I lap up the blood of murdered kings!” screamed the poet, applying the spoon. And then the finishing, irresistible touch: a sprinkling of loaf sugar, the blood of slaves.

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Tabloid press

# A right royal scandal

Dec 19th 2006
From The Economist print edition

**That spawned Britain's popular press**

National Portrait Gallery

THE modern age, which tends to take a rather superior view of the past, thinks of itself as better informed about its rulers than were its benighted predecessors. Why wouldn't it be? Technology—in the form of hot-metal presses, radio, television and the internet—has allowed information to spread at the speed first of trains, then of sound-waves and now of light.

Certainly the supply of political news is unprecedented. The demand for serious information, however, sometimes seems a little slack these days.

In the past, it was sometimes the other way round. When the relationship between the ruler and the ruled came under strain, such was the appetite for news that demand overcame the constraints to supply. That's what happened during an extraordinary episode in British history when a princess shunned by her husband but adored by the people—a powerful and now familiar combination—allied herself with radical reformists. The consequences were a near-revolution and the birth of the popular press.

Newspapers, of a sort, have been around as long as the printing press. In Elizabethan London the streets were crammed with sellers peddling one-off pamphlets filled with grisly tales of murders, executions, witchcraft and “monstrous creatures”. A Dutch story of 1601 is typical in its emphasis on gruesome detail, recording an attack on one James Messier, who was beaten so badly that he died a few days later. Both Mr Messier's daughters were “defloured, and the one so hurt that the intrals came forth of her body”. Political news, by contrast, tended to be dull. The world's oldest surviving headline, dated December 2nd 1620, is: “The new tidings out of Italie are not yet com”.

By the late 18th century in Britain, the small band of city newsmen had blossomed into a vast network of publishers. Better printing presses were one reason for the expansion, and faster roads another. As newspapers flourished, so did newsmen. The early 19th century produced one of the greatest ever: William Cobbett.

Cobbett was an immense figure in every sense—large and loud, his complexion as ruddy as his crimson waistcoat, his self-belief as solid as his political convictions. He denounced the political system as nepotistic, corrupt and elitist. He was not a revolutionary but a peaceful reformer. Lord Liverpool's Tory government ignored the distinction, however, and branded him seditious and dangerous.

In 1802 Cobbett had set up the *Political Register*, which spread dissent in a nation in post-war recession. Unemployment was rife, farmers were in debt and the infamous Corn Law was passed, banning foreign imports and thus keeping the price of corn (and therefore bread) high. Rick-burning was followed by arrests and hangings.

## Tuppence plain

The *Register* was a success but, at 1s 1/2d, expensive. (A four-pound loaf of bread was 10d at the time—

about £2.50, or $4.80, in today's money—and a farmworker's daily wage 2s 2d.) Stamp duty kept the price high. Cobbett wanted political news to be more accessible, so in 1816 he brought out a twopenny version on a single sheet of paper to avoid the stamp duty. This mini-*Register* became the first popular regular political news publication in Britain.

The first issue was called “Address to the Journeymen and Labourers” and celebrated the great “national wealth” of Britain, displayed in its “elegant dresses, superb furniture, stately buildings...numerous and stout ships [and] warehouses teeming with goods”. All these, Cobbett maintained, “spring from labour. Without the journeymen and the labourers none of them could exist.” He knew how to tell his readers what they wanted to hear—a skill that has served newspaper editors well ever since. Cobbett's biographer, Richard Ingrams, estimates that 44,000 copies of the first twopenny *Register* were sold by the end of the month it appeared; 200,000 by the end of 1817. The *Courier*, a pro-government newspaper, dismissed the *Register* as “twopenny trash”. Cobbett loved the term and appropriated it.

The paper, being unstamped, could not be posted, so copies were sent all over the country by coach to be sold on commission by shopkeepers. Cobbett wrote:

> With every parcel which goes to the country in future there will be sent a placard to be put up at the windows of the retailer in order to let the public know that Registers are to be had at that house—If a man in any little town, or in a village sell 50 copies a week, why that sale gives him about five pounds a year clear money; and where is he to get his five pounds a year for doing really nothing but receiving and paying the money?

The government was worried by the wide distribution of Cobbett's writings. The Home Secretary, Lord Sidmouth, was convinced the country was ready to burst into revolutionary flame. His fears sharpened when, in December 1816, a speech by the popular agitator Henry “Orator” Hunt in Spa Fields in East London was disrupted by a group of revolutionaries who murdered a gunsmith and plundered his shop. They then set off for the City, declaring their intent to seize the Tower of London. The insurrection was quickly put down, but it was followed by the presentation to Parliament of a petition for parliamentary reform signed by 1m people. That day the windows of the Prince Regent's carriage were smashed.

The time had come, Sidmouth felt, to crack down on sedition and the press. He told the House of Lords that “a malignant spirit” haunted the country, thanks to a sudden profusion of anti-government pamphlets and newspapers that were reaching every corner of Britain. Cobbett was the chief offender, but the satirist William Hone and the radical Thomas Wooler were almost as bad. “Every town”, said Sidmouth, “is overflowed by them; in every village they are almost innumerable, and scarcely a cottage has escaped the perseverance of the agents of mischief; hawkers of all kinds have been employed, and the public mind has, in a manner, been saturated with odious poison.”

Parliament passed a bill suspending *habeas corpus*, and all public meetings had to be authorised by a magistrate. Cobbett, who had already served an unhappy prison term in Newgate, sniffed a new wave of seditious libel trials and fled to America. Hone and Wooler stayed in Britain and became the subjects of high-profile criminal trials which drew crowds of around 20,000 people. Both men represented themselves magnificently and were not convicted. Hone became a national hero and proclaimed that his victory was not simply personal, but a triumph for “the liberty of the press”.

British Library

**George IV, according to Cruikshank**

In 1819, 60,000 people—about half the local population—gathered in St Peter's Field, Manchester, to protest about unemployment, bad government and poverty. The crowd was highly disciplined, the protesters marching in military style and carrying banners bearing slogans such as “Annual Parliaments” and “No Corn Laws”. The authorities panicked and sent in the yeoman cavalry to arrest “Orator” Hunt who was addressing the multitudes. Eleven people died and several hundred were seriously injured.

The press responded with a volley of attacks—the most sensational by Hone and George Cruikshank, an illustrator. “The Political House that Jack Built” was an acerbic attack on government, cleverly leavened with humour and 13 Cruikshank woodcuts (Cruikshank's style, wrote his brother Robert, was “gunpowder in boxwood”). George, the Prince Regent, was lampooned as a dissolute “Dandy of Sixty”. “The Political

House" sold more than 100,000 copies in a few months and ran to 54 editions. Today such a publication would be called a satirical pamphlet, but the contemporary term was better: "squibs"—slang for bombs.

## All the news that's fit to print

MEPL

In 1820 an unprecedented news story broke. On January 29th the old mad king, George III, died and his son, the Prince Regent, became George IV. The new king loathed his wife, Caroline of Brunswick. He was adamant that she should not become queen and wished to divorce her. The couple had lived separately for all but the first year of their 25-year marriage. The king's wife, consumed with fury at the way her husband had treated her, was just as determined to become queen as he was to get rid of her.

Caroline, who had been living in Europe since 1814, liked to flirt and wear revealing clothes. More dangerously, she was said to be having an affair with her courier, a tall, dark and handsome toy-boy named Bartolomeo Pergami. George had sent spies to gather evidence of her adultery, and felt he had enough for his longed-for divorce.

Judging that the people would support her against the king, and reckoning that his infidelities weakened his case, Caroline returned to England in June 1820 to claim her rights. She appealed to the people as fellow victims of oppression, and they responded. Radical politicians saw her as useful. Cobbett, now back from America, rallied to her cause, as did Hone and Cruikshank.

Some members of the government, sensing danger, begged George to back off. But he was determined to get his divorce. So the queen of England went on trial for adultery, the proceedings taking the unusual form of an Act of Parliament. Termed the Bill of Pains and Penalties (such an awkward name, thought Lady Cowper, sounding as if "she was going to be fried or tortured in some way"), it went first to the House of Lords. Britons were thus presented with the spectacle of 300 peers of the realm carefully examining the queen's sex life.

**Caroline liked to flirt and wear revealing clothes. She was said to be having an affair with her courier, a tall, dark and handsome toy-boy. George had sent spies to gather evidence of her adultery**

The story, according to Cobbett, reached "every cottage in the Kingdom". It arrived there via a news-chain. At the top of the chain were the newspapers, which sold only a few thousand because the stamp duty kept their price at 7d (though the *Times* doubled its sales to 20,000 during the queen's trial by supporting her with more enthusiasm than its rivals). Those papers were lent out by libraries, read out in taverns and rented by the hour.

According to a treatise on the British press published anonymously in 1824, "the people of these Kingdoms have been an inquisitive, prying, doubting and reading people," particularly since the French revolution. But the great mass of the population were "readers not buyers" of the papers, reading in "club rooms, taverns and coffee houses". Adult illiteracy was not a huge barrier to the spread of news because literate men were expected to read papers aloud to those who were not—often in the congenial premises of the local tavern.

Richard Rush, the American envoy in London, noticed that newspapers were circulated by agents at 1d an hour in London. After a few days they would be sent to provincial towns. He thought it took three days for the London papers to reach every part of Britain. An analyst writing in the *Westminster Review* in 1829 thought that every London paper was read by 30 people, and put the national average at 25. Even if the figure were half that, Britain was evidently a greedy consumer of news.

The news from the London papers would arrive in provincial towns in the morning by coach, and be quickly copied into local papers. Bristol had five papers, Bath four, Canterbury three, Liverpool six, Manchester seven, Glasgow four and Edinburgh nine. Sunday papers were also thriving. On one Sunday during the queen's trial the anti-slavery campaigner William Wilberforce was able to buy 19 different newspapers. The London Sunday papers, and the placards that announced their contents, arrived soon after midday in Brighton.

## Read all about it

The next stage of the news-chain was inhabited by William Hone, William Cobbett and other printers of mass-circulation pamphlets and squibs that sold for 6d. In the days before the trial Cobbett published a single-page open “Letter from the Queen to the King” that set down Caroline's grievances. Cobbett later claimed that 2m copies were printed in Britain and nearly half a million in America. He probably exaggerated, but the “Letter” certainly sold hundreds of thousands of copies.

Hone and Cruikshank published a squib called “The Queen's Matrimonial Ladder”, describing 14 stages of the royal marriage. It was a tirade against the king, lambasting him for his decadence, extravagance and cruelty. Caroline, meanwhile, was “scorned, exiled, baffled, goaded in distress”, and owed “her safety to a fearless Press”. “The Ladder” ran to 40 editions.

Then, cheaper still than the squibs, came the penny broadsides and penny-a-yard ballads that were often inaccurate and sentimentalised versions of the news. Their publishers were the most financially successful of all, but have been largely forgotten by the historians of the popular press. Chief amongst them in 1820 was James Catnach, a young entrepreneur from Newcastle, who had set up printing presses in the Seven Dials district of London, home of the broadsides as well as street traders, gin sellers, beggars and criminals. He claimed that, with his staff working day and night, he could print more than 100,000 broadsides in 24 hours.

Catnach and his competitors specialised in vivid tales of killings, confessions, great battles, freaks of nature and terrible accidents. Not all of them were true. One Catnach broadside claimed that Napoleon Bonaparte, accompanied by a mistress, had escaped from the remote island of St Helena in a balloon. And in 1818 the publisher spent six months in the House of Correction at Clerkenwell after putting out a penny broadside suggesting that a local butcher by the name of Mr Pizzey was filling his sausages with human flesh.

MEPL

**Cobbett the rabble-rouser**

Queen Caroline's trial was the most profitable story the printers of Seven Dials and their equivalents in other British cities had ever reported. Throughout 1820 they published whatever they could, including reports from the trial itself, addresses (declarations of support) from the queen's followers and, most often, ballads in favour of the queen. Their publications were sold by “patterers” who would call out the news or sing out the ballads.

Despite the limitations of technology and distribution in the early 19th century, the entire nation was caught up in the queen's trial in a way that rarely happens today. There was something of it in Princess Diana's death, but that did not have the political significance of Queen Caroline's trial and, astonishing as it was, it did not endure as a national obsession week after week, month after month. Caroline fever lasted from June to November in 1820, and as the press spewed forth its thousands of commentaries the people came out on the streets, marching out to her house in Hammersmith and presenting addresses.

They came from every part of the kingdom. The petition from inhabitants of the City of Bristol had more than 24,000 signatures; that from the female inhabitants of Nottingham 7,000; the married females of Marylebone 8,700; the females of Manchester 20,241; and the inhabitants of Glasgow 36,718. In total, more than 800 addresses with close to 1m signatures were received. The *Traveller* newspaper recorded, accurately, that the pro-Caroline sentiment “is moving bodies which never before felt political agitation...the whole mass of the people is excited.”

British Library

Overwhelming public pressure led to the Bill of Pains and Penalties being dropped. So Queen Caroline won, but a year later she died suddenly, and the great effusion of 1820 was quickly forgotten.

The trial of Queen Caroline brought little but grief to the poor woman, but it benefited her adoptive country. The British people had gained a new confidence that, even without the franchise, their voice would be heard. Public opinion had arrived in politics, finding outlets wherever it could—on the streets, in petitions and in a popular press that, once it had learnt how to annoy its rulers, never stopped.

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Shopping and philosophy

# Post-modernism is the new black

Dec 19th 2006
From The Economist print edition

**How the shape of modern retailing was both predicted and influenced by some unlikely seers**

SuperStock

DOMINATED by 22 pillars, the long grey neoclassical 1909 façade of Selfridges, one of London's great department stores, seems anachronistic. The exterior suggests values—of grandeur, dignity and authority—from another era. The interior doesn't. Consumer anarchy reigns, with over 3,000 different brands, all in their own concessions, screaming for attention.

Selfridges nearly went out of business (as so many department stores have done) in the 1990s. But it reinvented itself by dismissing the order, formality and stillness of the old stores. Every brand was given its head and allowed to do what it wanted. Uniforms are out, as is standard decor, shelving and presentation. There is no hierarchy of goods; watches compete with perfume, luggage with high fashion, cafés with fast food. Shows, action and stunts break up the day. Selfridges calls it “shopping entertainment”. So successful is it that two years ago a panel of style gurus voted it Britain's “coolest brand”.

Jean-François Lyotard might not have enjoyed an afternoon at Selfridges. He was a French philosopher not known for his interest in handbags. But, had he dropped in for a little retail therapy, he might have recognised what he saw. As he wrote, “eclecticism is the degree zero of contemporary general culture; one listens to reggae, watches a Western, eats McDonald's food for lunch and local cuisine for dinner, wears Paris perfume in Tokyo and retro clothes in Hong Kong; knowledge is a matter for TV games.”

Lyotard's name would not be the first that springs to mind when tracing the roots of contemporary retailing and business. Of course many unlikely thinkers and doers, from Sun Tzu, a Chinese general and purveyor of top strategy tips, to Sir Ernest Shackleton, a British explorer celebrated as the ultimate team-builder, have been unwittingly roped into management. The sub-genres of marketing, branding, trend-spotting and business organisation all have their own thought-leaders.

That said, the French philosophers whose interest in accessories was limited to a Gauloise drooping stylishly from the corner of the mouth do not seem natural retail gurus. Yet there is a curious (and, given their contempt for consumption, somewhat ironic) relationship between today's shops and the ideas of the French post-modernists.

## Pomo power

Lyotard, Roland Barthes, Michel Foucault and Jacques Derrida were all from the far left. The pomos (as they are affectionately known to adherents) wanted to destroy capitalism and bourgeois society. The students whom they inspired took to the streets in May 1968 hoping to do just that. Yet, paradoxically, the pomos predicted with eerie precision how capitalism would reinvent itself in the 1980s and 1990s. Even worse (for them), they gave modern retailers, advertisers and businessmen the tools to do so.

The founding post-modern text (as books are called in pomo) is by two Germans, Theodor Adorno and Max Horkheimer. Published in 1944, “Dialectic of Enlightenment” examined the culture that had given birth to Auschwitz. It declared that “enlightenment is totalitarian”—that the 18th-century attempt to replace religion with rationalism had supplanted one form of mental slavery with another. God had been elbowed out by fascism, communism, Marxism, Freudianism, Darwinism, socialism and capitalism. The post-modernists thought their job was to “deconstruct” these grand theories, which they called the “meta-narratives”. The pomos would free people from them by exposing their sinister nature.

The pomos wrote about pretty much everything in society—literature, psychoanalysis, punishment, sociology, architecture—except economics. This was perhaps odd, given that they emerged during the longest economic boom in European history and the birth of the consumer society. The only pomo who tried, far too late, to come to grips with this irony was Foucault. In one of his last lectures, in January 1979, four months before Margaret Thatcher came to power in Britain, he shocked his students by telling them to read the works of F.A. Hayek if they wanted to know about “the will not to be governed”. Hayek was the Iron Lady's guru. Surely there was nothing post-modern about her?

But Foucault had belatedly spotted that post-modernism and “neo-liberal” free-market economics, which had developed entirely independently of each other over the previous half-century, pointed in much the same direction. One talked about sex, art and penal systems, the other about monetary targets. But both sought to “emancipate” the individual from the control of state power or other authorities—one through thought and the other through economic power. Both put restoring individual choice and power at the hearts of their “projects”, as the pomos like to describe their work.

## Niches and fragments

Liberal economics has probably had a greater role in transforming capitalism than a few French Marxists using long words. But the pomos' ideas have had a certain influence, seeping into common consciousness through the lecture halls and student campuses. Many brands have been developed by people who were brought up on the idealism of the 1960s, post-modernism's heyday. Entrepreneurs such as Virgin's Sir Richard Branson and Body Shop's Anita Roddick bring an emancipatory, anti-corporatist tilt to their business. Modern marketing has consciously co-opted the tools of post-modern “discourse” to sell more stuff. Brands such as Nike explicitly adopt rebellious attitudes in their advertising campaigns. Thus capitalism employs the critique that was designed to destroy it.

It is what one American critic, Thomas Frank, has called “liberation marketing”: in the words of a cosmetic company's appeal to potential customers, “because you're worth it”. Mr Frank sees it as a woeful bastardisation of the American counterculture and post-modernism; others might enjoy the irony.

SuperStock

More surprising, perhaps, than the pomos' influence on the way business presents itself was the accuracy of their predictions and the perspicacity of their perceptions. Modern retailers are only just getting to grips with two of the consequences of the breakdown of authority and hierarchy that they hoped for half a century ago: the “fragmentation” of narratives and the individual's ability to be “the artist of his own life”.

Modern business uses a different language to discuss the same ideas. In “The Long Tail”, an analysis of the impact of the internet on the music industry, with wider ramifications, Chris Anderson describes the “shattering of the mainstream into a zillion different cultural shards”. The post-modern “fragment” becomes a “niche” and the mass market is “turning into a mass of niches”. “When mass culture breaks apart,” he writes, “it doesn't re-form into a different mass. Instead, it turns into millions of microcultures which coexist and interact in a baffling array of ways.” That is a good description of what post-modernists were trying to achieve, and pretty much what a shop like Selfridges actually aspires to look like.

This fragmentation has changed the way businesses operate. Joe Staton, the head of the Knowledge Centre at JWT, an advertising agency, argues that selling people things “has become more difficult than it has ever been”. Craig Mawdsley, at Abbott Mead Vickers, another advertising agency, argues that the old stores used to offer “edited choice”; now companies scramble to provide customers with almost unlimited choice, as well as the technology to create their own products.

The businesses that have suffered most are those—such as department stores—that clung too long to the idea of a mass market, of a one-stop store such as Britain's Marks & Spencer. Those that have prospered embrace fragmentation and cater to the niche. Mark Lee, a management consultant, argues that the “new huge empires are based around one niche”. Zara, a Spanish clothing group, for instance, appeals to the breathless fashionista: the speed of turnover of its styles would chime with the pomos' penchant for permanent revolution. Accessorize, a British chain, caters to women who want fashionable scarves, jewellery and the like but do not have a lot of money. Dolce & Gabbana is for people with lots of money and loud taste. American Apparel sells expensive T-shirts to people who care that they are produced by happy, well-treated workers: its niche is moral as well as economic.

**Modern marketing uses the tools of post-modern “discourse”. Thus capitalism employs the critique that was designed to destroy it**

The other trend the pomos predicted was the individual's desire (and ability) to take control—to become “the artist of his own life”. Maybe they were talking about something more profound than teenagers' ability to burn their own CDs. Nevertheless, this second trend has shaken existing businesses. iTunes has threatened the music industry by undermining its ability to charge consumers for buying the songs on a CD they didn't want, as well as the ones they did. By allowing surfers to select the topics they want to be informed about, Yahoo! News and Google News have threatened both the business models of newspapers and the power of editors to determine the news that is delivered to readers.

SuperStock

The consumer's rebirth as artist has also created whole new businesses. YouTube is the closest realisation yet of the pomos' vision. Through video, people turn their lives into art and put them up on the web for others to consume. The pomos would not have been surprised by the power of this vision; but they might have been astonished to see Google, a search engine, paying $1.65 billion for the business when it was less than two years old.

So should every businessman have a Lyotard by his bed? Only if he wants to send himself to sleep. Pomos made a point of writing impenetrable prose: it was necessary, Foucault argued, if they were to be taken seriously.

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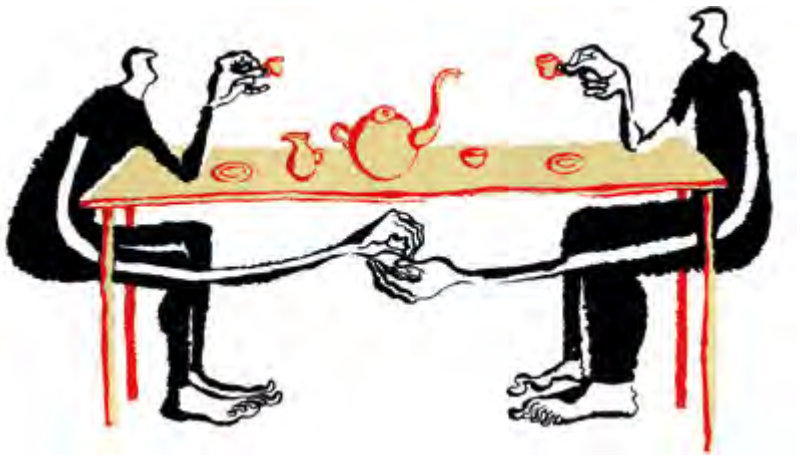
The etiquette of bribery

# How to grease a palm

Dec 19th 2006
From The Economist print edition

**Corruption has its own elaborate etiquette**



GIVE people power and discretion, and whether they are grand viziers or border guards, some will use their position to enrich themselves. The problem can be big enough to hold back a country's development. One study has shown that bribes account for 8% of the total cost of running a business in Uganda. Another found that corruption boosted the price of hospital supplies in Buenos Aires by 15%. Paul Wolfowitz, the head of the World Bank, is devoting special efforts during his presidency there to a drive against corruption.

For most people in the world, though, the worry is not that corruption may slow down their country's GDP growth. It is that their daily lives are pervaded by endless hassles, big and small. And for all the evidence that some cultures suffer endemic corruption while others are relatively clean, attitudes towards corruption, and even the language describing bribery, is remarkably similar around the world.

In a testament to most people's basic decency, bribe-takers and bribe-payers have developed an elaborate theatre of dissimulation. This is not just to avoid detection. Even in countries where corruption is so common as to be unremarkable and unprosecutable—and even when the transaction happens far from snooping eyes—a bribe is almost always dressed up as some other kind of exchange. Though most of the world is plagued by corruption, even serial offenders try to conceal it.

One manifestation of this is linguistic. Surprisingly few people say: “You are going to have to pay me if you want to get that done.” Instead, they use a wide variety of euphemisms. One type is quasi-official terminology. The first bribe paid by your correspondent, in Ukraine in 1998, went to two policemen so they would let him board a train leaving the country. On the train into Ukraine, the customs officer had absconded with a form that is needed again later to leave the country. The policemen at the station kindly explained that there was a *shtraf*, a “fine” that could be paid instead of producing the document. The policemen let him off with the minimum *shtraf* of 50 hryvnia ($25).

Another term widely used at border crossings is “expediting fee”. For a euphemism it is surprisingly accurate: paying it will keep your bags, and perhaps your contraband, from being dumped onto a floor and sifted through at a leisurely pace. (A related term, used in India, is “speed money”: paying it can get essential business permits issued considerably faster.)

Paul Lewis, an analyst with the Economist Intelligence Unit (a sister company to *The Economist*), describes the quasi-business terminology typically used for bribery in the post-communist privatisations

of eastern Europe. A mostly useless but well-connected insider at the company is hired as a “consultant”. The consultant is paid a large official “fee”, nominally for his industry expertise, on the understanding that he will cut in the minister and other decision-makers.

A second type of euphemism dresses up a dodgy payment as a friendly favour done by the bribe-payer. There is plenty of creative scope. Nigerian policemen are known to ask for “a little something for the weekend”. A North African term is “*un petit cadeau*”, a little gift. Mexican traffic police will suggest that you buy them a *refresco*, a soft drink, as will Angolan and Mozambican petty officials, who call it a *gazoso* in Portuguese. A businessman in Iraq told Reuters that although corruption there is quite overt, officials still insist on being given a “good coffee”.

Double meaning can help soothe the awkwardness of bribe-paying. *Baksheesh*, originally a Persian word now found in many countries of the Middle East, can mean “tip”, “alms” and “bribe”. Swahili-speakers can take advantage of another ambiguous term. In Kenya a machine-gun-wielding guard suggested to a terrified Canadian aid worker: “Perhaps you would like to discuss this over tea?” The young Canadian was relieved: the difficulty could be resolved with some *chai*, which means both “tea” and “bribe”.

## Brown envelopes

Along with the obscurantist language, bribe-taking culture around the world often involves the avoidance of physically handing the money from one person to another. One obvious reason is to avoid detection, which is why bribes are known as “envelopes” in countries from China to Greece. But avoidance of a direct hand-over is common even where there is no chance of detection. There will always be some officials who will take money right from a bribe-payer's hands, but most seem to prefer to find some way to hide the money from view. A bribe to a border guard may be folded into a passport. A sweetener to a traffic cop is often placed in the ticket-book that is handed to the driver. Parag Khanna, who is writing a book about countries on the edge of the rich world that are trying to get rich themselves, describes a bribe-taker he spotted in Georgia who he was sure was a rookie. Why? The scrawny young soldier, forgoing any subtleties, merely rubbed his fingers together in an age-old gesture.

Journalists are an obvious target for bribe-seekers. They often find themselves trying to get past bored, poorly paid guards and officials to see someone or something more important. Moreover, they are often foreigners—and around the world white faces, foreign passports, foreign car number plates and a few other distinguishing features are like blood in the water for those seeking a pay-off.

A journalist for a Western newspaper in Moscow was running late for an important meeting at the Kremlin for which he had waited a long while. On his way he was stopped by the traffic police for some real or invented infraction. In a hurry, the reporter negotiated a modest bribe—but found he had nothing smaller than a 1,000 rouble ($30) note in his wallet. Inspired by desperation, he agreed to pay 1,000 roubles in exchange for a ride to the Kremlin in the police car, with sirens blaring, to make sure he would be on time. The policeman tried to hold out for 1,500 roubles, but the steely nerved journalist got his ride for his offer price.

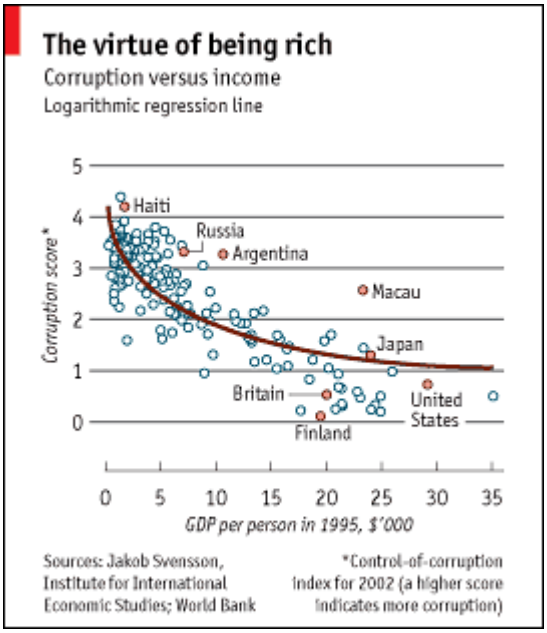
## Inappropriate gifts

Journalists can be on the receiving end of bribes, too, to ensure favourable coverage. A former Africa correspondent for *The Economist* says that in Nigeria, one of the world's most corrupt countries, journalists are given hundreds of dollars in brown envelopes “for expenses” simply to attend press conferences. An ocean away, Armstrong Williams, an American columnist and television host, was paid $240,000 by the Department of Education to comment “regularly” on “No Child Left Behind”, an education-reform bill. He claimed that he was not a “journalist” but a “commentator”, but conceded that the deal had been ill-judged. Similarly, Maggie Gallagher, another conservative columnist, was paid to promote the Bush administration's “healthy marriage” programme. When challenged, she asked, “Did I violate journalistic ethics by not disclosing [the contract]? I don't know. You tell me.”

*The Economist* lays down clear rules for its journalists. An envelope stuffed with cash, much less a $240,000 contract, would be inappropriate. Any gift, says the policy, must be consumable in a single day. So a bottle of wine is acceptable, a case of wine is not.

Rich Westerners may not think of their societies as plagued by

corruption. But the definition of bribery clearly differs from person to person. A New Yorker might pity the third-world businessman who must pay bribes just to keep his shop open. But the same New Yorker would not think twice about slipping the maître d' $50 to sneak into a nice restaurant without a reservation. Poor people the world over are most infuriated by the casual corruption of the elites rather than by the underpaid, “tip”-seeking soldier or functionary.




Indeed, in the world's richest economy, what many see as simple bribery is an integral part of lawmaking. In Washington, DC, it is accepted that a lobbyist's generous campaign contribution to a crucial congressman may help to steer some spending to the lobbyist's client.

But proving corruption requires proving the intent to exchange one favour for another. Brent Wilkes, named as a co-conspirator in the bribery case of a Californian congressman, told the *New York Times* about a lesson he was taught early in his lobbying career: a cheque must never be handed over at the same time as a lobbying pitch is made. Much better to wait and do it in a hallway later. Proving intent in a courtroom is famously hard to do, so few such exchanges result in convictions. But many ordinary Americans are aware of what is going on. No surprise, then, that Congress is, by some measures, the least popular branch of government.

Yet corrupt practices in America and western Europe are nothing like as pervasive as in other parts of the world. There is no single cultural factor that inclines a society towards corruption, but economic factors play a big part. Most clearly, poverty and bribery go together.

But which causes which? Mr Wolfowitz's crusade at the World Bank is based on the idea that corrupt countries fail to develop. But several countries in Asia have grown rapidly at a time when cronyism was common, including Indonesia and South Korea in their time. Today's most conspicuous example is China with its explosive growth. Polls consistently show that corruption is the top complaint of ordinary Chinese. From time to time the Chinese government executes particularly egregious offenders, to no apparent avail. And yet foreign investors cannot pile into the country fast enough. Although most economists agree that corruption slows development, a corrupt country is nevertheless capable of rapid growth. Countries may be corrupt because they are poor, and not the other way round.

Jakob Svensson, an economist at Stockholm University, has cut through cultural stereotypes to search for hard data on corrupt economies. He has found that socialist and recently socialist economies show higher levels of corruption than others. Among the factors he has tested for correlation with corruption is the overall education level of the adult population. A second is openness to imports (measured by imports as a proportion of GDP), which is linked with opportunities for smuggling. A third is freedom of the press (as ranked by Freedom House, a civil-liberties watchdog), on the hypothesis that independent journalists will expose, and thereby curtail, corruption. The fourth is the number of days needed to start a business, a proxy for the number of permits required, and therefore red tape. Mr Svensson found clear correlations between all these variables and the overall level of corruption.

**A cheque must never be handed over at the same time as a lobbying pitch is made. Much better to wait and do it in a hallway later**

Among the many factors that determine the level of corruption in a country, one stands out. Whether it takes the shape of an American congressman dispensing a $2 trillion budget or a horde of petty officials administering a Bible-sized rulebook, where there is a lot of government, there is a lot of bribery. Corruption thus offers yet another confirmation of the dictum attributed to Thomas Jefferson that “the government is best which governs least.”

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Assisted conception

# Buying babies, bit by bit

Dec 19th 2006
From The Economist print edition

**An international guide to baby-making**

SuperStock

ONE of the tests of a liberal society is whether the state stays out of the bedroom—but more than 3m people alive now were not made in bedrooms. They came into being as a result of *in vitro* fertilisation (IVF) under the glare of laboratory lights, with the assistance of a team of doctors, nurses and technicians.

IVF was originally intended to allow heterosexual couples to bypass problems with fallopian tubes or sperm by introducing eggs and sperm to each other in a petri dish. But demand has mushroomed among those with other medical problems as well as the single and gay. They need people to supply them with sperm, eggs and sometimes wombs; and the services of clinics who put the lot together.

Since the manufacturing of anything which is regarded as God-given—or at least natural—touches a moral nerve, governments tend to want to regulate the business. And because attitudes to the family vary from country to country, regulations about baby-making do too. Discerning baby-shoppers therefore assemble inputs from around the world—sperm from Denmark, an egg from Russia, a surrogate mother from California—to ensure that biology, for them, need not mean destiny. Some even switch countries midway through treatment, starting in Britain, say, and travelling to Russia, Spain or America at a crucial stage in the proceedings.

Countries known to be permissive soon end up treating lots of foreign patients. Women from all over Europe travel to Denmark for donor insemination because it is well-regulated, quality-checked and guaranteed to be anonymous: more Swedish women conceive every year in Danish than in Swedish clinics. Women travel to Spain for egg donation, since Spanish women can be paid for their eggs. They travel to California from all over the world to sign surrogacy agreements, since there it is the commissioning, rather than the gestating, woman who is legally considered the “real” mother.

The turkey-baster was an icon of 1960s feminism. But do-it-yourself sperm donation has fallen out of favour in an era of AIDS and child-support payments. Nowadays those who need sperm get it frozen, so the donor can be tested six months later for HIV (the virus does not show up in tests until some time after it has been caught), and anonymous, so the donor can neither claim parental rights nor be burdened with parental responsibilities.

Cryos, a Danish sperm bank, is probably the world's largest supplier of sperm. It sells to clinics in nearly 50 countries, has more than 200 donors on its books at any one time and distributes more than 10,000 units of semen each year, resulting in about 1,000 pregnancies. It cannot export to countries where anonymous donation is illegal, including Sweden, Norway, the Netherlands, Britain, Switzerland and Australia, or to Italy, where it is illegal to use donor sperm. Some clinics in these countries now treat patients at home and fly them to Denmark for insemination. In 2001 the company opened an American offshoot, Scandinavian Cryobank (slogan: “Congratulations! It's a Viking”), which, like other American sperm banks, offers sperm direct to customers via an online catalogue. Its eye-catching offers include exclusive worldwide rights to a donor for $75,000.

A major competitor is California Cryobank. It pays donors $75 per specimen—with occasional gift vouchers and movie tickets thrown in. Customers pay $240-400 per specimen, depending on sperm count. Basic information about donors—height, weight, colouring, occupation—comes free, but further information

must be paid for. A facial-features report, listing such attributes as “nostril flare” (narrow, average or large), costs $12; an audio interview is another $25. For $65 a customer can buy a package of baby photo, audio tape, full personal profile, psychological profile, essay, description of the clinic staff's impression of him and facial-features report. She can hire a consultant to help her choose a donor, at $80 for 30 minutes. At a cost of thousands, she can store vials from a donor in order to be able to have more children by him in the future. The clinic will buy back unwanted vials for half their original price.

Donating eggs is considerably more taxing than donating sperm, as it means taking super-ovulation drugs for a fortnight or so and then undergoing a minor operation to harvest the eggs. So where it is illegal to pay donors, eggs are scarce, and where it is legal, they are expensive.

In Britain egg donors can be paid only for travel expenses, so most donated eggs are from friends or family, or, until recently, other infertile women, who are permitted to barter half the eggs harvested during their own infertility treatment in return for a richer woman paying for treatment for both of them. This practice has now almost ceased—an unintended consequence of a legal change in May which gave children born of egg or sperm donation the right to be told the identity of the donor once they turned 18. Most potential egg-sharers have been deterred by the fear of remaining childless and later discovering that another woman has conceived a baby by an egg that was given away.

British women are instead looking abroad, to countries where egg donors can be paid. Many travel to Spain, where a sympathetic attitude to infertile women and a payment of £800 mean that donors are forthcoming. Spanish clinics advertise for fair-skinned and fair-haired donors, and run partnerships with clinics across Europe who treat women at home and fly them to Spain just for embryo transfer. One large London clinic says it sends a woman to Madrid every other week.

Strictly speaking, paying for donated eggs is illegal in America too, since it counts as buying a body part. But it is legal to compensate a donor for her time and effort, and this compensation can be very high. Some women donate via an egg broker. For this they are likely to be paid $5,000-7,500. Others reply directly to personal ads, which are commonplace in campus newspapers, and which can offer up to $100,000 to the right woman. The *Stanford Daily* has a “Donors Wanted” heading in its classified section; Jewish, Asian and East Indian women are in high demand, as are those who are tall, athletic and clever—with doctorates or SAT scores above 1,350 often specified.

Paying clever and beautiful American women for their eggs doesn't make much sense, though—such fortunates can make money in other ways. So some American clinics have taken the obvious step of sourcing their eggs from poorer countries. GlobalART provides eggs from eastern European women to clinics in America and Israel. The sperm being used is frozen in America, flown out to Romania and the eggs are fertilised there. The resulting embryos are frozen and flown back to America, to be implanted in the host's womb. The company charges $13,650 for all the eggs from a single super-ovulation cycle.

It is also possible to buy direct. Search online for “Russian egg donor” and you will find many aspiring sellers. Some pose holding babies, presumably to show they are fertile. Others, heavily made up and pouting, are clearly re-using portfolio photos taken for modelling agencies.

## Give me a child

There's nothing new about surrogacy: in the book of Genesis three women sent their husbands to their maidservants to remedy their own deficiency in producing sons. Presumably those servants were unenthusiastic about handing over their babies. But IVF has made it all easier. A woman who has functioning ovaries but a damaged, or no, womb can create embryos *in vitro* that are genetically her own. If she cannot produce eggs, she can use those from a donor rather than from the surrogate, meaning that the surrogate is carrying a child not related to her—a child she is less likely to want to keep.

Still, the relationship between intending parents and surrogate mother is unavoidably fraught. It lasts longer than the few weeks taken by egg donation, or the few minutes by sperm donation. And the intending parents will also want to monitor the surrogate's behaviour. So there are significant barriers in the way of using poor women from abroad.

SuperStock

What's more, in most countries the woman from whose body the baby exits is the default mother, no matter whose genetic material was used in the conception. The only safe option is to enter into a formal

arrangement in one of the few jurisdictions where surrogacy is legal.

In some of these countries, although the practice is legal, the surrogate mother cannot be paid, so again there are problems of supply. In Britain, for example, paying surrogates is illegal, and an infertile couple cannot advertise to find one. If friends and family are unable to help, the couple must pay to join a surrogacy network and wait to see if they seem attractive enough to any of the dozen or so women in the country willing to carry someone else's baby for nothing more than expenses and a warm glow. And even then, after the baby is born the surrogate can back out—even if the child is not genetically hers.

Some American states ban surrogacy outright. Some rely on case law. Only a few set out clearly who is the parent of a child born of a surrogate mother. California has long been a popular destination for those seeking surrogates: it has reasonably friendly case law, with the commissioning parents granted considerable rights (and responsibilities), and law firms specialising in contracts between intending parents and surrogates. But Illinois may well overtake it as the venue of choice: a 2005 law provides for intending parents to arrange sole custody of the child of a surrogate, even before the child is born. Still, surrogacy will only ever be an option for the rich: the surrogate mother will require a fee of around $20,000 and the total cost, with legal fees, egg donation and medical procedures, will leave little change from $100,000.

**In the book of Genesis three women sent their husbands to their maidservants to remedy their deficiency in producing sons**

Despite its similarities with manufacturing, assisted reproduction is unlike most technologies in one way: as the science advances, the market may shrink. Most women in need of egg donation have left childbearing too late to use their own—but once eggs can be frozen routinely, young women will surely bank them so they can reproduce when it suits them, not when it suited our shorter-lived ancestors. Some women turn to surrogates after miscarrying repeatedly; again, in future science may enable them to carry their children themselves. But as long as there are people who cannot both conceive and gestate their own child, there will be donors and surrogates; and there will be customers, consumed with longing to be parents, willing to pay.

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Meteorites

# Fire from heaven

Dec 19th 2006
From The Economist print edition

**Meteorites are made up of evidence about how the solar system was born**

SPL

AT HALF past six on the morning of December 14th 1807, the folk of Weston, Connecticut, were woken up by a loud bang. Shortly afterwards, it rained rocks. In earlier times such hard rain might have been seen as a sign of the gods' displeasure. The folk of Weston, however, saw it as an opportunity.

“Strongly impressed with the idea that these stones contained gold and silver, they subjected them to all the tortures of ancient alchemy, and the goldsmith's crucible, the forge, and the blacksmith's anvil, were employed in vain to elicit riches which existed only in the imagination.”

That was part of the report of Benjamin Silliman who, together with James Kingsley, went to Weston from Yale University to investigate. The following March, Silliman presented what they had found to the American Philosophical Society. Only Thomas Jefferson was sceptical. On reading the report he is supposed to have said, “I would more easily believe that two Yankee professors would lie than that stones would fall from heaven.”

Meteorites fascinate scientists because they are the smashed-up remnants of asteroids—the tiny wannabe planets that orbit between Mars and Jupiter. Because asteroids never got it together to form a larger planet, a lot of what they are made of was formed in the solar system's earliest days. So meteorites are tangible evidence of what was happening when the solar system was born.

About 90% of meteorites are classified by the successors of Silliman and Kingsley as chondrites. That means they contain spherical nodules a few millimetres across, known as chondrules. They also contain a lot of cosmic crud, mostly in the form of dust-sized grains.

It was the study of chondrites that allowed researchers to work out how old the solar system is. Chondrules are frozen droplets of once-liquid rock. Such isolated droplets must have formed in free space, rather than as part of a larger body, or else they would have merged into a more conventional igneous rock. That chondrules formed in such quantities suggests that the heating which created them was widespread. In free space, such heat could come only from a star—in this case, presumably, the youthful sun. Work out how old the oldest chondrules are, and you know when the sun ignited.

The way to do that (and much else that is needed in order to read the history written in meteorites) is to look at the exact mixture of atomic isotopes in them. Isotopes are different atomic versions of a particular chemical element. They have the same number of protons in their nuclei (this is the defining characteristic

of an element), but different numbers of neutrons. For the scientific detectives who study meteorites, this variability is invaluable. For example, radioactivity (which is a fancy name for the way that unstable atomic nuclei break up) depends crucially on the number of neutrons. Particular radioactive isotopes break up into other, non-radioactive isotopes at regular and well-understood rates called half lives (the amount of time it takes half the atoms in a sample to change from one sort to the other). Most famously, uranium-238 decays into lead-206 with a half life of 4.5 billion years, though radioactive rubidium and samarium are also useful for dating things billions of years old.

Looking at these isotopes allows the chondrules to be dated, and they were formed 4.56 billion years ago. That, then, is the age of the solar system. But isotopes can do more. They can reach back before the solar system was created, and forward to record the creation of the planets.

To reach back, you need to look in the dust grains in chondrites, rather than at the chondrules. Like the chondrules themselves, most dust grains were created in the early solar system—in this case by bigger objects grinding against each other. Modern telescopes can see clouds of dust created in this way around several of the solar system's stellar neighbours. But a few grains have survived from the primitive nebula that the solar system condensed from. This time, it is carbon isotopes that give the game away.

To have survived the chaos in which the solar system was born, a grain of dust has to be tough. The toughest materials around are diamond (a type of crystalline carbon) and silicon carbide. Carbon has two non-radioactive isotopes, and in material from the solar system, including most meteoritic minerals, these are mixed in a well-known ratio. The carbon in diamond and silicon-carbide grains from meteorites usually has ratios very different from this.

The silicon carbide is thought to have come from red giants. These are stars that have swelled up in old age and are nearing the ends of their lives. Each carbon ratio represents a different parent star. The diamonds, by contrast, are thought to be the products of supernova explosions. Again, many carbon ratios are known, each from a different supernova. Dozens, if not hundreds, of red giants and supernovas seem to have contributed to the primitive solar nebula. Unfortunately, the grains examined do not carry the sort of isotopes that would allow them to be dated.

Nevertheless, other isotopes suggest a supernova did go off just as the solar nebula was forming. That is because meteorites contain a lot more of an isotope called magnesium-26 than would be expected. Magnesium-26 is the decay product of aluminium-26. And aluminium-26 is produced in supernovas. Whether this supernova somehow triggered the collapse of the primitive solar nebula and thus the formation of Earth is not clear (though the theory was popular in the 1950s, before the evidence for aluminium-26 was found). But meteorites can certainly illuminate the processes that formed the planets. That is because, among the 10% that are not chondrites, there is a group that is composed almost entirely of metal.

The metal in question is an alloy of iron and nickel. Or, rather, it is two alloys that have different ratios of the two metals. These alloys are called kamacite and taenite, and when cut, polished and etched with acid they produce an attractive criss-cross called a Widmanstätten pattern. But the really attractive thing about metallic meteorites, from a scientific point of view, is that they provide the best evidence available of what Earth's interior is like.

The process of planetary formation, as deduced from meteorites and confirmed as plausible by computer models, went like this. First, dust particles clumped together to form cosmic dustballs. Bursts of heat from the primitive sun melted the dustballs, which solidified into chondrules. Local concentrations of chondrules were drawn together by gravity and, when they encountered each other, often merged. Once a merged mass of chondrules and dust got big enough, things started to happen. Radioactive decay generates heat. In larger bodies, that heat gets trapped. The temperature rises and the rock melts. At this point, heavy elements sink towards the centre and light ones rise to the surface. The most abundant heavy elements are iron and nickel, and it is these that form the cores of what can now reasonably be referred to as small planets.

Smash one of these small planets open and the fragments from the centre will form metallic meteorites. (The outer, non-metallic layers of the planet form what are known as achondrite stony meteorites, and there is a separate class of stony-irons that come from the boundary between inner core and outer layer.) Analysis of the chemistry of metallic meteorites suggests they come from more than 60 different small planets that have broken up over the solar system's history. But most small planets met a different fate. They merged to form larger ones, still with iron-nickel cores, culminating in those seen today.

Isotopes can even indicate the order in which the planets formed. The decay products of a short-lived

isotope called hafnium-187, also suspected of being formed in the supernova that brought aluminium-26 to the solar system, are rare on Earth. On Mars they are more abundant. This indicates that Mars formed before Earth, trapping hafnium-187 while there was still some around.

And how is it known that Mars had hafnium-187? Because a few dozen of the meteorites that have fallen to Earth come not from the asteroid belt but from Mars. They were blasted off that planet's surface when it was hit by huge meteorites. That trapped bits of the Martian atmosphere within them, as a telltale of their origin.

One of these Martian meteorites was once thought to harbour signs of life, in the form of carbon-containing compounds and objects that the eye of faith interpreted as fossil bacteria. Alas, few researchers now believe that story. But Martian meteorites do have one other tale to tell—that planets are sometimes hit so hard that rocks can escape from them completely.

## Hell's kitchen

At a quarter past seven on the morning of June 30th 1908, the folk of Tunguska in Siberia heard a rather larger bang than the one that had woken the burghers of Weston just over a century previously. Tunguska is far more remote from centres of academic excellence than Weston, and it took until 1927 for a scientific team to reach the site. When Leonid Kulik and his colleagues got there they found an area of devastation 60km across. At the centre the trees remained upright but were stripped of bark and branches. Around it the taiga was flattened, with the broken trees pointing outward from the middle like the sticks in a game of spillikins.

Novosti

The meteorite which devastated Tunguska is now estimated to have been about 50 metres across. The explosion, at an altitude of between six and eight kilometres, was 50 megatonnes. That is more powerful than the largest hydrogen bomb ever detonated. The meteorite that excavated Barringer crater in Arizona (see top) about 50,000 years ago was smaller—about 40 metres across—but it made it all the way to the Earth's surface. Barringer crater is 1.2km in diameter.

Events of this size are rare, but not so rare that they can be ignored. They occur perhaps once a century. And bigger impacts happen, too. Several huge craters seem to coincide with the disappearance of previously well-established groups of animals—the most famous being the Chicxulub crater in Mexico, which was formed 65m years ago, at the time the dinosaurs vanished, by an explosion estimated at 100,000 gigatonnes.

The search is now on for space-rocks large enough to cause serious devastation if they hit Earth. Given enough warning, it should be possible to push a threatening boulder out of the way. Only a slight nudge would be required to change its orbit, and that nudge could be provided by rocket motors no more powerful than ones that have already been built.

The chances of needing to do that anytime soon are slim. But if the search does turn up something nasty, then perhaps the billions of dollars spent so far on spaceflight might look like a wise investment rather than money down the drain.

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**Reviving small towns**

# America the creative

Dec 19th 2006 | SALADO, TEXAS
From The Economist print edition

**Can statues of killer-bees and storytelling festivals stop the country's smallest towns from withering away?**

SIXTY years ago, the tiny town of Salado in central Texas was “virtually a ghost town”, says Charlie Turnbo, the local historian. Its main feature, the co-ed college, had burned down in the 1920s. The mills had flooded about the same time; the huge antebellum houses lining Main Street were boarded up, their roofs falling in. The railway bypassed the town.

But a combination of luck and entrepreneurship saved the day. In the 1950s Interstate 35, which runs from Texas to Minnesota, was built a mile away. To entice all the people looking for a loo-break to stay a bit longer, locals bought the antebellum houses and turned them into restaurants and inns. Now the 21 bed-and-breakfasts in this town of 2,000 do a bustling wedding business, catering to soldiers stationed at nearby Fort Hood and to Austinites away for the weekend.

Salado's story is a ray of hope in a picture that is often bleak. Most small towns are still struggling, as a tour of boarded-up Main Streets and closed John Deere dealerships in the rural heartland will show. “Outmigration” has drained their populations over the past century. Agri-businesses have replaced small farms, and shopping malls an hour away (not to mention Wal-Mart and the internet) have undercut local shops. In many small towns only old people are for the most part left, as there is little to attract the young. Just 17% of America's population today lives outside metropolitan areas.

Some surviving small towns have simply become bedroom communities for large cities, and have lost their character. But others deeper in the boondocks remain determined to beat off the doomsayers with creative ideas. In 1992 Hidalgo, a south Texas town, decided to capitalise on its site in the migration path of the dreaded African killer bees. The town boldly erected a 20-foot- (6 metre-) long statue of a bee, made from fibreglass and steel, and was promptly dubbed the “Killer Bee Capital of the World”. Tourists flocked in.

Similarly, tiny Colquitt (population 1,900) in southern Georgia, one of the poorest parts of America, has been revived by a storytelling festival known as “Swamp Gravy”. In the early 1990s someone had the bright idea of performing local folk-tales as musicals. The idea grew, and now some 40,000 people come each year to the festivities, which are held in a converted cotton mill. Many new businesses have opened on the town square, and sales triple when the Swamp Gravy show is on, according to Jennifer Trawick, executive director of the local arts council.

Some organisations are trying to help small towns along. One of the most important is the National Trust Main Street Centre, which aims to revitalise central streets by preserving historic buildings. Volunteers staff its local branches; most states have them. Funding is local, but the national organisation provides training and know-how.

One of the biggest challenges, according to Doug Loescher, the centre's director, is that many towns have been trying for years to revive themselves, with little success. “There's usually a lot of scepticism that another approach can really make a difference,” he says. Local officials also have to realise that downtowns have changed for ever. Clothing and hardware stores will never return to the town centre. Rather, says Mr Loescher, restaurants and bars, government offices and even private houses should be given a place near Main Street.

State aid for small entrepreneurs also helps. Montana, which has a notably populist governor, has been pushing especially hard. In its last legislative session, the state legislature made even the tiniest of businesses eligible for aid. But Chuck Hassebrook, executive director of the Centre for Rural Affairs in Nebraska, says it is expensive to provide small business development services in rural America, even if there is a good return on investment. Rather appealingly, he proposes that the federal government shave 5% off its enormous farm-subsidy programme—which goes mostly to mega-farms—and give it to small businesses. “You could quadruple what the federal government spends on entrepreneurial rural development,” he says.

Another channel is philanthropy. “Rural communities are not going to be rescued by large corporations setting up large factories,” notes Mr Hassebrook, but they could be helped by people with money (local boys who have made good in Chicago or Omaha, perhaps). In particular, he says, the rich should be encouraged to give not just to churches and libraries, but also to economic development. One remarkable case is Martindale, Texas, another worn-down southern cotton town. In 2004 Carlton Carl, vice-president of the Association of Trial Lawyers of America, bought most of the central district (he won't say for how much). He is refurbishing the buildings, hoping to attract artists and “a nice restaurant”.

For Main Streets that find no buyers but want to preserve their heritage, two promising themes for revival emerge. First, art. There is money in painting and plays. These draw tourists—and artists, for their part, seem quite happy about the low cost of living. The town of Nelsonville, in southern Ohio, has become an “artists' Mecca” in recent years, according to Will Lambe, a research associate at the University of North Carolina who is working on a book about small-town economic development (which covers Colquitt too). Another town, this one in south-east Iowa, has become a centre for transcendental meditation. Colquitt's Swamp Gravy Institute now finds itself acting as a consultancy for towns as far away as Brazil, encouraging them to develop their own plays and projects.

A second theme is alternative energy. Across the emptying Great Plains, towns are praying that sun, wind and plant matter will stop them from withering away. Culbertson, Montana—whose population dropped from 796 in 1990 to 714 in 2005—is replacing its old oil-seed factory with a biodiesel plant that employs several dozen workers. Such hopes are mirrored elsewhere. “Everybody I talk to is trying to get on this bandwagon of biodiesel and ethanol and wind,” says Mr Lambe. For some lucky towns, the lights will stay on along Main Street.

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**Buffalo**

# Steeled for recovery

Dec 19th 2006 | BUFFALO
From The Economist print edition

**It's not only small towns that are re-thinking themselves**

"WHEN the wind blows right, everybody in downtown smells the Cheerios," says Charles Rosenow, an economic-development official in Buffalo. Indeed, the scent is unmistakable even half a mile from the General Mills factory along the Buffalo river.

Few other relics from the industrial glory days of Buffalo are still working. The city's population has plunged by more than half since 1950, from 580,000 then to 280,000 today. Though Buffalo remains the largest city in upstate New York, sections of its waterfront are a picture of industrial ruin. All but two of the city's 17 concrete grain elevators lie empty, flanked by overgrown railway tracks. Bethlehem Steel closed its plant in 1983, laying off thousands. The remnant of the car industry is trying to buy out its Buffalo workers.

What went wrong? The city was riding high in the 19th and early 20th centuries as the Erie Canal, which has a terminus at Buffalo, opened up commerce between the Great Lakes and Albany (and, further down the Hudson, New York City and the Atlantic). The slump began in earnest after the opening in 1959 of the St Lawrence Seaway, which bypassed the Erie Canal. Free trade and outsourcing helped kill off the manufacturing plants.

But better times may lie ahead. Buffalo officials brim with ideas, and some are being implemented. A 110m-gallon (416m-litre) ethanol plant scheduled to open next year will put four of the gigantic grain elevators back into use for corn storage. The original terminus of the Erie Canal is being rebuilt to attract tourists and shops; and private developers, tempted by cheap property prices, are pouring money into old buildings. There is talk of making Buffalo a biomedical technology hub, complementing the city's enormous cancer-research centre, and of building a casino near the centre of town. One looming worry is commerce with Canada, which will be complicated by stricter passport rules next year as well as by delays in widening a bridge across the border.

The best news may be the election of Eliot Spitzer, who takes over as governor in January. Buffalo's relations with Albany, the state capital, have often been strained. Upstate New Yorkers fret that Manhattan gets too much money and attention, and that state regulations and taxes hurt Buffalo's ability to compete. But "I think the upstate cities are going to have a champion in Eliot Spitzer," says Sam Hoyt, a state assemblyman from the region. Mr Spitzer made redevelopment of upstate New York one of his

campaign priorities. He had the bad luck to be in Buffalo during the freak October snowstorm that dumped two feet (60cm) of snow on the city. Despite having to spend the night in the airport, he remains keen on Buffalo, even daring to visit again shortly after the election. That must be a good sign.

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Military doctrine

# Think before you shoot

Dec 19th 2006
From The Economist print edition

**A new field manual teaches American forces how to fight elusive insurgents**

AMERICA is no stranger to “small wars”: those messy conflicts where the hard part is not to destroy the enemy but to identify him and where there are no front-lines or clear-cut victories. As its power expanded in the 19th century, America raided the Barbary coast, intervened in China, colonised the Philippines and carried out many landings in the Caribbean. But this long experience of imperial policing has been strangely forgotten. The triumph of the second world war, the ignominy of Vietnam and confrontation with the massed armies of the Soviet block in the cold war convinced America to turn away from small wars to concentrate on winning the big ones.

These days, however, American commanders are reaching for the history books as they discover that high-tech firepower is of little use—and can often be counter-productive—in the streets of Baghdad. Some have sought inspiration in classics such as T. E. Lawrence's “Seven Pillars of Wisdom”, published in 1922, or the Marine Corps' rediscovered “Small Wars Manual” of 1940. On December 15th they got some official help in the form of a new joint army and marines field manual.

“FM 3-24 Counterinsurgency” makes awkward reading for those trained in the notion of out-manoeuvring and annihilating an enemy force. Now American troops must be “ready to be greeted with either a handshake or a hand grenade” and must be “nation-builders as well as warriors”. Under the new doctrine, fighting insurgents involves “armed social work”. “Sometimes doing nothing is the best reaction,” says the manual. The best weapon is sometimes none at all. The prime objective is not to kill as many insurgents as possible but to maximise support from the local population. Above all, troops must adapt quickly.

Instead of isolating themselves in large camps and driving around in armoured vehicles, the manual advises American troops to live “close to the populace”, move on foot, sleep in villages and patrol by day and night. Each company should have a political as well as a “cultural” adviser. Platoons should assign their best soldiers to intelligence and surveillance, even at the cost of firepower. Forget the chain of command: decisions should be taken by consensus where possible.

Soldiering is only one strand. It must be entwined with others—including providing essential services, promoting good governance, building up local security forces and devising an information policy to counter insurgents' propaganda.

The 282-page manual reads at times like a litany of the things America has done wrong in Iraq. But those arguing for withdrawal will find little solace. Insurgencies, it says, “are protracted by nature”. America and its allies must show the “ability, stamina, and will to win”.

Moreover, counter-insurgency cannot be done on the cheap. It requires large amounts of manpower—some 20 to 25 members of security forces for every 1,000 civilians. The 483,000 combined coalition and Iraqi forces (of dubious quality and loyalty) fall well short of the 535,000 to 670,000 required to secure Iraq.

If American commanders' response to Vietnam was to foreswear nasty small wars, their reaction to the fiasco in Iraq seems so far to be quite different: to learn to fight them better. The new manual is a first step, but America's military culture may stand in need of deeper change. A start might be to rewrite the first words of its “warrior ethos”, whereby every soldier declares: “I stand ready to deploy, engage, and destroy the enemies of the United States of America.”

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**Episcopalians**

# Wars of religion

Dec 19th 2006 | WASHINGTON, DC
From The Economist print edition

### Schism in Virginia

EPA

**No gay or women (and definitely no gay women) priests here please**

TIME was when liberal Episcopalians were all for listening to the voices of the developing world while their conservative brethren were not so sure. No longer. The voices of the third world have spoken loudly on the vexed issues of ordaining women and gays and blessing same-sex unions—they are against the lot—and the roles have been reversed.

On December 17th eight Episcopal parishes in Virginia announced that their members had voted, mostly overwhelmingly, to break with America's Episcopal Church over the ordination of gays and women. The church hierarchy is strongly in favour of both these: in 2003 it allowed the ordination of Gene Robinson, who lives with his male partner, as bishop of New Hampshire. The conservatives loathed that, and they dislike the leadership of the presiding American bishop, Katharine Jefferts Schori.

The schismatic parishes included two of the oldest and richest in the country—Truro Church in Fairfax and The Falls Church in the town of that name—which occupy property worth a combined $25m. The Falls Church once numbered George Washington among its vestrymen. It is now the church-of-choice to Washington's conservative power elite, including Michael Gerson, George Bush's former speechwriter, Porter Goss, a former head of the CIA, and Fred Barnes, the executive editor of the *Weekly Standard*.

The breakaway congregations are putting themselves up for adoption by Anglican archbishoprics in the developing world. One would-be parent is a Nigerian bishop, Peter Akinola, who runs the largest province in the Anglican communion, and who has pronounced views on homosexuality: he supports legislation that would make it illegal for gays to form associations, read gay literature or even eat together. There are also suitors from Rwanda, Uganda and Bolivia.

The idea of calling up the third world to redress the balance of the new is not novel. The archbishop of Rwanda, Emmanuel Kolini, and other leading African figures have taken to ordaining American bishops, aiming to lead the Episcopal church back to its “biblical foundations”. Three dozen American churches have voted to affiliate with provinces in the developing world since Mr Robinson was consecrated, Rwanda being a particular favourite.

The splits are likely to continue. Conservative congregations are convinced they have history on their

side. The balance of numbers in the global Christian community is shifting towards the conservative developing world. In America conservative churches are growing while the mainstream churches are stagnating.

But the schism could bring a tortuous legal conflict over tens of millions of dollars-worth of church property. It could also bring some deliciously comic scenes. The erstwhile multiculturalists of the Episcopal establishment could find themselves preaching to a dwindling band of ageing white liberals. And the lily-white conservative powerbrokers of George Washington's old church could find themselves bowing the knee to the Episcopal authorities of far-off Kigali or Abuja.

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**Lexington**

# Bi-curious

Dec 19th 2006
From The Economist print edition

**The prospects for bipartisanship are not as bleak as they look—yet**

GEORGE BUSH greeted the Democratic takeover of Congress on November 7th with lots of nice talk about bipartisanship. He greeted the publication of the Baker-Hamilton report on Iraq a month later with more of the same. Mr Bush promised he would reach across the aisle to work with the new ladies and lords of Congress. And he would listen carefully to the recommendations of Messrs Baker and Hamilton and their fellow wise men. Bush the uniter would replace Bush the divider.

The press contributed to this bipartisan glow. There was lots of talk of George Bush senior dispatching James Baker to rescue his errant son. Of the return to bipartisan realpolitik. Of the revival of the good old days when wise men of both parties solved problems over lunch in the Metropolitan Club.

But already that glow has all but disappeared. The neocons have thoroughly trashed the Iraq report—and thrown in a few *ad hominem* (and *ad feminam*) comments about the establishmentarians that wrote it. And Mr Bush looks as if he is set to march in exactly the opposite direction from the one the commission mapped out.

Washington, DC, is alive with rumours that Mr Bush will “double down” on Iraq—sending in another 30,000 or even 50,000 troops to secure Baghdad and other troubled areas. This is the recommendation of a recent report by Frederick Kagan, a scholar at the American Enterprise Institute, and Jack Keane, a retired general. And it is also the recommendation of some people in the Pentagon. The thinking is that America cannot impose a political solution on Iraq without first bringing security; and it cannot do that without a significant “surge” in troop levels.

Mr Bush and his supporters are once again using the word “victory” in connection with Iraq (one of his biggest objections to the Baker-Hamilton report, we are told, was that it avoided using the word entirely, except in relation to the possibility of al-Qaeda winning). And he may well use his promised address to the nation on Iraq, now scheduled for early in the new year, to advocate yet more expenditure of blood and treasure. Though the incoming Senate majority leader, Harry Reid, might be prepared to accept a temporary surge, others among the Democrats are more hostile. The next Congress could well be marked by fiery conflicts with the White House over America's prospects in the Middle East.

So is this an end to heady talk about bipartisanship and a return to hardball politics as usual? Not quite. The mid-term elections not only changed the balance of power in Washington. They increased the incentives for bipartisan behaviour.

Start with the result of the election itself. The obvious reason for the Republicans' defeat was the debacle in Iraq. But a subsidiary cause was distaste for raw partisanship. Opinion polls show that big majorities of the electorate want politicians to focus on problem-solving rather than on point-scoring. This public support for bipartisanship is already shaping the 2008 presidential race. The Republican front-runner, John McCain, is a maverick who has sponsored numerous bills with Democratic senators (and engaged in even more numerous tussles with conservative diehards). The Democratic front-runner, Hillary Clinton, once a creature of the left, has tried to remake herself as a centrist (she did strikingly well among conservative New Yorkers when she was re-elected to the Senate in November).

The hunger for post-partisan politics can be seen at its most vivid in Obamamania. Barack Obama's recent visit to New Hampshire was a remarkable event for a man who has not even declared that he is running for the presidency (and who was not even a senator three years ago). Thousands of people queued to hang on his words and get his autograph; 150 star-struck reporters hustled and elbowed to file copy on the event. Mr Obama may be short on policies. But he promises a new kind of politics that tries to unite an unhealthily divided country.

Or look at the balance of power in Washington. The Republicans have lost the muscle that they used to advance a partisan agenda on everything from tax policy to terrorism. But the congressional Democrats are unlikely to follow their instincts and give the Republicans a taste of their own. The Democrats prospered in 2006 in part by softening their position on the culture wars (they backed a pro-life senatorial candidate in Pennsylvania and all but gave up on gun control). The election saw them win votes from a large number of moderate conservatives who have no taste for the hyper-partisanship that delights the coasts.

## South Dakota and the Senate

The sudden illness of Tim Johnson, a senator for South Dakota, further underlines the case for bipartisanship. Mr Johnson is currently in a critical condition after a brain haemorrhage and surgery. The senator's misfortune reminded the Democrats of how tenuous their hold on power remains even after their dramatic advances last month. If Mr Johnson dies, the job of finding a successor falls to the governor of the state, Mike Rounds, who happens to be a Republican; and if the governor then decides to play hardball, the Senate will return to Republican control with Dick Cheney casting the tie-breaking vote.

Even if that happens, things could get tricky for Mr Bush were he to decide to send a surge of troops to Iraq—a gamble for which there is a good case to be made on military grounds. But if he does so, he will be ignoring the clear advice of Mr Baker and his allies, advice that most Democrats and a growing number of nervous Republicans are taking to heart. He will be testing the loyalty of party members who fear retribution at the polls in 2008. And he will be battling on in the face of dwindling public confidence in his abilities as commander-in-chief. If he turns his back on bipartisanship, Mr Bush risks creating a bipartisan consensus that his presidency has been a disaster.

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Argentina

# Tucking in to the good times

Dec 19th 2006 | BUENOS AIRES
From The Economist print edition

Alamy

**The durability of economic recovery has surprised many. But is the government mortgaging the country's future?**

Get article background

IN DECEMBER five years ago, crowds of Argentines angry at years of deflation and recession took to the streets of Buenos Aires and ousted the president, Fernando de la Rúa. Amid chaotic scenes, three further presidents came and went in ten days, one of them declaring the biggest-ever sovereign debt default. In what a century ago was the world's seventh-richest country, the economy shrank by 15% in the year to March 2002, poverty rose from 38% to 56% and unemployment climbed to 21%.

To the surprise of many, recovery from this national catastrophe has been swift. Since the nadir in March 2002, Argentina's GDP has grown by 45%, an average of 8.6% a year. “You have to look back to the Argentine golden age to see this [rate of growth],” says Ricardo Delgado of Ecolatina, a consultancy. “No one was expecting it.”

On the streets of Buenos Aires, the change is tangible. Cars and white goods are flying out of the showrooms thanks to cheap credit. Cinemas and restaurants are packed at weekends. Seaside resorts are heavily booked for the southern-hemisphere summer. Unemployment has fallen to 10.2% (excluding people on make-work programmes).

The question, as it has been for the past four years, is how long the growth can continue. The debate has an ideological edge. Supporters of the fixed exchange-rate that brought growth and then collapse in the 1990s have poured scorn on the sustainability of the recovery. Fans of Néstor Kirchner, the president since 2003, like to claim that Argentina will continue to grow apace because it shrugged off the IMF's advice and is following “heterodox” policies.

Many economists in Argentina are now coming round to the view that the country can continue growing at a reasonable rate—partly because some of the policies are less “heterodox” than is claimed.

At a brutal cost, the collapse rebalanced the economy. A steep devaluation and the debt default turned deficits in the public finances and the current account into surpluses. Roberto Lavagna, the finance minister from 2002 to 2005, kept spending under control. The government relied mainly on monetary

policy to boost demand. The central bank stopped the peso from appreciating, issuing pesos to buy up exporters' dollars. The government meets its fiscal targets partly by taxing farm exports, which are unusually profitable because of the artificially cheap peso and high world prices.

These policies have had the effect of supercharging growth. Their obvious drawback is inflation, which began to rise again in 2004 as spare capacity was used up (see chart). Mr Kirchner's response was to bully producers with “voluntary” price-freezes, outright price controls and export bans. Similar tactics caused several foreign investors, such as France's Suez and EDF, in privatised utilities to pack up and go.

Mr Kirchner's critics said these measures would halt investment. Anyway, they said, investment was of the wrong kind, in housing rather than factories. So far they have been wrong. Argentina does lack foreign investment. But its own smaller companies have moved quickly to expand capacity in response to demand. The boom in construction and tourism has created many new jobs. Overall, investment has almost doubled as a percentage of GDP since 2002, from 11% to 21.4%, enough to sustain growth of 4% a year. “Most people thought that security, credibility and structural reform were the key to attracting investment,” says Javier Alvaredo of MVAS Macroeconomía, a consultancy. “But it's actually profits.”

Some serious doubts remain. The biggest worry is energy. Because of the price controls Argentines pay less than half as much for energy as their neighbours in South America's southern cone, according to Daniel Montamat, a former energy secretary. In this industry, the arguments of Mr Kirchner's critics ring true. Consumption has risen but investment has collapsed. Argentina has depleted its gas reserves, from 15 years' worth of production to fewer than ten. Industry sources warn of blackouts in 2007 if weather conditions are unfavourable. Fear of blackouts has suppressed investment in energy-intensive businesses, such as steel, aluminium and petrochemicals.

Other bottlenecks will make it harder to sustain growth even at a more modest pace. The economy is still benefiting from private investment in infrastructure under Carlos Menem in the 1990s. Now roads are again becoming congested. There are some shortages of skilled workers, too.

After Mr Lavagna's sacking, fiscal policy has become looser. Provincial governments are already running a deficit. On the other hand, the central bank is quietly tightening monetary policy. Many assume that Mr Kirchner will relax price controls and allow the peso to appreciate after an election next October at which he is likely to seek a second term.

The risk is that inflation might then take off, unless the authorities act to slow the economy. But officials remain bullish. “What do we have beyond two more good years?” the foreign minister, Jorge Taiana, asks. “We have higher investment than ever before. We have an extended commodity boom. We have cancelled our debt. We have a favourable exchange rate. We have trade and budget surpluses. This growth can be sustained.” At what pace remains to be seen, but it has become harder to doubt the overall argument.

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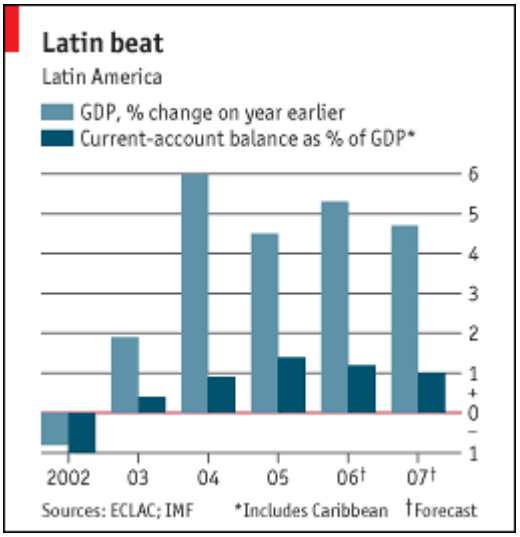
**Latin America's economies**

# A good year

Dec 19th 2006
From The Economist print edition

### Steady improvement—and it may last




FOR many Latin Americans, this will be the best Christmas holiday in a while. According to an estimate by the UN Economic Commission for Latin America, the region's economy will have grown by 5.3% in 2006. Not only is that higher than earlier forecasts. It is the third year of reasonable growth, meaning that income per head has risen by 11.7% since 2003.

Latin America is accustomed to giddy boom-bust cycles. What makes recent growth more unusual is that it coincides with a current-account surplus (see chart) and low and falling inflation (down on average from 6.1% in 2005 to 4.8% this year). That holds out hope that it will be more sustainable.

Most numbers are moving in the right direction. For the region as a whole, unemployment is edging down, real wages are increasing, foreign debt has fallen, the public finances are close to balance and investment and consumption are rising.

This positive picture comes with two big caveats. It owes much to high prices for the region's commodity exports and to remittances from Latin Americans abroad. The figures are flattered, too, by high growth in three countries recovering from earlier economic collapses: Argentina (see article), Venezuela and the Dominican Republic. Growth in Brazil, the region's largest economy, remains mediocre, at 2.8%.

Secondly, while Latin America is doing much better than it was, other parts of the developing world are growing faster still. The improvement in Latin America is steady but slow. In a separate report published earlier this month, the commission estimates that 38.5% of Latin Americans still live in poverty, though that is down from 44% in 2002.

If the world economy slows next year, so probably will the region's. But Latin America is much less exposed to sudden squalls than it was. After two decades of more downs than ups, the past few years really do look like the start of something new and better.

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Ecuador

# Your base or mine?

Dec 19th 2006 | MANTA
From The Economist print edition

### A looming fight over the drug war

Get article background

IT IS a little slice of middle America on the coast of Ecuador. At any given time, some 250 American servicemen live in college-style dormitories at an airstrip by the Pacific Ocean. Almost all their food is flown in from the United States. Their base is the only place in town with potable water. An additional 50 Americans employed by DynCorp, an American contractor, live in the nearby town of Manta. DynCorp also employs 150 locals.

The Americans are there to fly and maintain a small fleet of aeroplanes, including AWACS, which reconnoitre the skies from the eastern Pacific to the Caribbean searching for signs of drug trafficking. The Americans set up the base (technically “a forward operating location”) at Manta in 1999 to replace facilities in the former Panama Canal Zone. But for how much longer will it continue? Rafael Correa, who takes office as Ecuador's new president next month, says he will not allow the Americans to stay once their ten-year lease runs out in 2009.

The Americans, who spent $71m improving the runway (which is also used by civil aircraft and Ecuador's air force), are eager to stay. Though few of them speak Spanish, they do their best to get on with the locals, training firemen and doing other community work. Lieut-Colonel Javier Delucca, the head of the American detachment, says their presence contributes around $6.5m a year to the local economy. Jorge Zambrano, Manta's mayor, says the figure “seems high”. While welcome, the jobs the Americans provide are not crucial to the town, he adds.

Manta's hopes are set on a contract under which Hutchison Ports, a Hong Kong company, will invest some $500m to expand the city's deep-water port. The plan is to increase its capacity to 1.6m TEUs (twenty-foot equivalent units, the standard measure of container traffic) over the next decade or so, according to Paul Gallie, Hutchison's boss in Ecuador. It handled just 40,000 TEUs in 2005. Mr Correa says he wants to expand the airport, too, making it a hub for traffic between South America and Asia. But this is compatible with the American operation, which involves little more than two flights a day.

The new president is a friend of Venezuela's anti-American leader, Hugo Chávez. He criticised Colombia's government, a staunch American ally, for its decision in December to resume aerial spraying of drug crops close to its southern border with Ecuador. At home, Mr Correa plans to take on his country's traditional politicians (by calling a constituent assembly) and foreign oil companies (by raising their taxes). He plans to visit Colombia's president, Álvaro Uribe, on December 21st. That may give an indication of how many battles he proposes to fight at once.

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America and China

# Big guns, small prizes

Dec 19th 2006 | BEIJING
From The Economist print edition

Getty Images

**No great breakthroughs at an infant dialogue. But at least there were no tantrums**

THEY may not have liked all of the message, but China's leaders must have been gratified by the calibre of the messengers. Led by Hank Paulson, the treasury secretary (above centre), nearly half of George Bush's cabinet trekked to Beijing to pay tribute to China's rising economic might. On December 15th they ended two days of meetings with Chinese leaders, the first instalment of what is to be a regular, twice-yearly, “strategic economic dialogue”, announced in September.

All of the American administration's economic bigwigs attended, along with Ben Bernanke, the chairman of the Federal Reserve. Mr Paulson would dearly have loved to have gone home with Chinese promises on currency policy, copyright piracy and other trade irritants. His failure to do so is already drawing criticism from Congress. But expectations that the dialogue might soon achieve great things were foolish. With the Democrats now in control of both houses of Congress, the administration is ill placed to promote a free-trade agenda.

So Mr Paulson, a former investment-banker well known in Beijing, took the rather unusual tack of pleading with China for help against protectionist factions in America. Citing “resistance in both our countries to greater integration into the global economy”, he called for tangible results “on the most important issues facing our nations”. This was code for allowing the Chinese currency, the yuan, to appreciate, and other measures to rein in the two countries' massive trade imbalance.

Neither side had much to say that had not been said many times before. But they may have laid the groundwork for a more mature handling of their many quarrels. The most explosive remains China's steadily growing trade surplus with America. Chinese imports of American goods continue to grow vigorously, but the volume in the other direction is growing ever faster. In the first ten months of this year, China achieved a surplus of $190 billion. In both the administration and the Congress sharp voices have accused China of supporting its export surge by keeping the value of the yuan artificially low.

There is a bipartisan push behind a scheme to slap penalties on Chinese goods if it is not allowed to strengthen. The make-up of the incoming Senate makes such actions more possible as early as January, when Congress returns and year-end trade figures are announced.

China's response is that exchange rates are not the sole cause of the imbalance. China also likes to point out that foreign companies, including American ones, produce and profit from much of what China exports. And it suggests that America look at its own role, namely its love of cheap consumer goods and a

national savings rate that hovers at or below zero.

China's leaders, of course, have big political concerns of their own, notably the millions of jobs in the booming export industries. In her statement to the summit, Wu Yi, a deputy prime minister who helped negotiate China's entry into the World Trade Organisation, said that America misunderstood China, and that change was coming as fast as it could. Mr Paulson and Mr Bernanke counter that letting the yuan rise further would benefit China too, by putting its growth on a more sustainable footing. China's economy grew by 10.7% in the first nine months of the year, fuelling worries about overheating.

China was pleased that Mr Paulson and Mr Bernanke both spoke, albeit airily, of America's desire to raise that savings rate. Mr Bernanke also created a stir by dropping from a prepared speech a description of the yuan's exchange rate as a “subsidy” to Chinese exporters. Some saw this as capitulation; others as a hint that there was some substance to Mr Paulson's vague claims of progress in talks on the currency.

Neither government is under any illusion that the trade imbalance will soon be rectified. But their willingness to engage this way, not only at the highest of levels but also across such a wide range of agencies, bodes well for better management of other shared concerns. According to Kenneth Lieberthal, a China expert at the University of Michigan, the benefits of such engagement are real enough, but may only be realised over the longer term. In America, Mr Lieberthal says, the participation of so many cabinet-level officials in a process producing such subtle gains “is already being seen as the firing of a big cannon at a sparrow”. But it is “a good approach and a necessary one”. Not one, however, to bring many short-term political gains.

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Japanese education

# The wrong answer

Dec 19th 2006 | TOKYO
From The Economist print edition

**Instilling love of country is not the main challenge for Japan's schools**

SOMETHING has gone terribly wrong with Japanese education—or so say the Japanese. They fret that Japan has slipped down the international rankings for high-school literacy, mathematics and science. In the OECD's last assessment of 15-year-olds in 41 countries, Japan remained a healthy second in science, but had fallen from first to sixth in maths and from eighth to fourteenth in reading ability.

Parents are also worried about the resurgence of bullying and suicides among schoolchildren. Facing probable defeat in next summer's upper-house election, the fledgling government of Shinzo Abe has been casting around desperately for something—anything—to prove that it really is listening to people's concerns. Education is seen as a handy distraction.

The kind of reforms the government has in mind, however, are not designed to help young people make critical judgments in a fast-changing, information-driven, global environment. Instead, the ruling Liberal Democratic Party and its coalition partner, the New Komeito, have rewritten Japan's post-war education law with the aim of boosting patriotism among the young.

Bunmei Ibuki, the education minister, also believes elementary schools have no place teaching foreign languages such as English. The first requirement, he insists, is that pupils acquire what he calls a "Japanese passport"—ie, a thorough grasp of the country's history and culture, and perfection in their own language.

Parliament's lower house has approved legislation which, besides stressing the importance of parental guidance, requires schools to instil "a love of one's country" in children. The opposition parties boycotted the recent lower-house vote, but the ruling coalition's majority in the upper chamber has allowed the bill to scrape through and become law.

Because it was used in the past to fan the flames of militarism, teaching patriotism has long been taboo in Japan. With its heavy emphasis on morality and nationalism, the new legislation bears some resemblance to the Imperial Rescript on Education of 1890. In the decades up to the end of the second world war, children were forced to memorise the rescript and recite it, word for word, before a portrait of the emperor. Following Japan's surrender, the allied occupiers ended the practice, appalled by its demands for juvenile self-sacrifice in the name of the emperor.

The paradox is that Japan does need serious education reform. The school system and curriculum were designed 60 years ago, when a generation of children from farming communities were being trained for long, uncomplaining hours on production lines. In the intervening years the economy has changed out of all recognition. Yet the education system—with its continued emphasis on facts and figures and drilling of mental arithmetic—has remained stubbornly rooted in the past.

Its continued economic success suggests that Japan's teenagers are paying less heed to all this, as they quietly master the creative skills needed to prosper in a modern world. In this context, perhaps those perplexing slippages in formal grades, mirrored in other post-industrial countries, ought actually to raise a cheer.

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Cambodia

# No justice in this world

Dec 19th 2006 | PHNOM PENH
From The Economist print edition

**Death is more likely than the law to catch up with the Khmers Rouges**

Get article background

AP

**Pol Pot cheated justice**

“THINGS are going well,” says Robert Petit, a Canadian co-prosecutor at the UN-backed tribunal set up to try Khmers Rouges leaders for their atrocities. Five months after it started work, he says he is ready to recommend the first indictment as soon as the tribunal's Cambodian and international jurists have agreed on its rules of procedure. Sadly, no one is sure when, or even if, that will happen. Human Rights Watch, a lobby group, believes that “political interference has brought the whole process to a screeching halt.”

A plenary meeting of Cambodian and foreign judges convened in late November to reach agreement. It proved a disastrous exercise in mutual incomprehension. Cambodian judges, who appeared to be taking instructions from elsewhere, reportedly complained that there was not enough time to get through the 113 articles in the draft rules, and that they paid too much heed to international, not national, law. The foreigners resisted but were dismayed by the refusal of the Cambodians to engage in serious discussion.

It was never going to be easy to deliver justice to victims of the Khmers Rouges 28 years after the end of their rule, which killed up to 2m people. Top leaders, starting with Pol Pot, have already died. With every delay it is more likely others will be dead before indictment. The tribunal's official title, the Extraordinary Chambers in the Courts of Cambodia (ECCC), hints at its limitations. Compared with the recent tribunals on former Yugoslavia and Rwanda, Sierra Leone and East Timor, Cambodia's is much more firmly based in national law. Under the agreement wrung by Hun Sen, the prime minister, from a reluctant UN in 2003, it is the first to have a majority of national judges.

Unfortunately, existing Cambodian law is weak on the crimes the tribunal is investigating. Worse, the judiciary is one of the world's least qualified and most corrupt. Human-rights groups say it is not an instrument of justice but a political tool. Moreover, Hun Sen and other prominent government figures are themselves former Khmers Rouges and are assumed to remain sensitive about the tribunal's investigations and its targets for prosecution.

The tribunal remains dogged by other weaknesses. There is a disturbing lack of safeguards for witnesses. The meagre budget so far provided by Japan and Western governments leaves the ECCC acutely short of manpower and equipment. Jim Goldston, a leading American international jurist has accused governments of feebly acquiescing in “official ineptitude, power-grabbing and duplicitousness”.

The tribunal has given its rules committee until the end of January to agree on procedures that meet international standards. If it does, these will go to a new plenary, probably in February. If not, Ban Ki-moon, the new UN secretary-general, will have to decide whether to exercise the opt-out clause inserted in the UN's agreement with Cambodia—precisely for fear of political interference. But even if the UN does remain engaged, the message foreign judges are sending is that they may not.

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Kazakhstan

# An awkward anniversary

Dec 19th 2006 | ALMATY
From The Economist print edition

**Twenty years on, Kazakhs weigh the fruits of rebellion**

THE Square of the Republic in the centre of Almaty, Kazakhstan's largest city, is the venue of choice both to celebrate public holidays and to air grievances. Its focal point is the independence monument, where newlyweds traditionally lay flowers. Facing it stands the neo-classical city administration building, next to the presidential palace.

In 1986, then called Brezhnev Square, this was the scene of Kazakhstan's first episode of anti-Soviet national unrest. On December 16th of that year, the long-serving head of Kazakhstan's Communist Party, Dinmukhamed Kunaev, an ethnic Kazakh, was replaced by Gennady Kolbin, a Russian outsider. Two days of student protests followed and were brutally put down, with at least two deaths. Hundreds were injured and thousands detained.

The protests have been hailed by Nursultan Nazarbayev, the authoritarian president who succeeded Mr Kolbin in 1989, as the “start of Kazakhstan's independence”. But this year the 20th anniversary of the bloody uprising caused unease. Kazakh officials largely ignored it. It raised too many questions, such as the true extent of the violence, widely believed to have been downplayed. The anniversary was also a nasty reminder for the Russian minority of the dangers of Kazakh nationalism. For Kazakh nationalists, in turn, it reinforced dissatisfaction at the slow pace of “Kazakhisation” and the still low standing of Kazakh, now the state language, compared with Russian, the official language of communication between different ethnic groups. “Have we ever had a cabinet session in Kazakh only?” asks Alikhan Baimenov, a parliamentarian and leader of Ak Zhol, a moderate opposition party.

Maintaining ethnic harmony has been a priority for Mr Nazarbayev, and one for which he has rightly been much praised. Kazakhstan is home to 15.2m people from more than 130 different ethnic groups, of which the Kazakhs and Russians are the largest with 59% and 26% respectively. This is a big change from the late 1980s, when Kazakhs made up 39% and Russians 37% of a population of 16.4m. Many Russians left, mainly during the early and mid-1990s, when there was a brief anti-Russian backlash. The country's economic collapse also contributed to the exodus, which included ethnic Germans. Since then being in the majority has boosted Kazakh self-confidence, as has an oil-driven boom.

The president seems more nationalist when making speeches in Kazakh than he is in Russian. It therefore unsettled many Russians and excited Kazakhs when Mr Nazarbayev announced recently that the Kazakh language should be written in Latin script instead of Cyrillic. Kazakh, originally written in Arabic letters, was changed by the Soviets to Latin and then Cyrillic, depriving Kazakhs of their culture and making it easier to learn Russian.

Heated debates are to be found on the internet between Kazakh linguists and nationalists over how the switch to Latin script should be managed. But for one ethnic-Russian journalist, it means only one thing: that “it will ultimately kill the Russian language in Kazakhstan.”

The Square of the Republic was again in demand earlier this month, by protesters against the president's order to ban right-hand drive cars over the next two years. The police soon stopped this, but allowed protesters to gather later on the outskirts of Almaty, far from the centre. Present-day dissent is just as sensitive as the past's.

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Indian justice

# Slow but fairly sure

Dec 19th 2006 | DELHI
From The Economist print edition

**A conviction at last in a high-profile murder case**

WHEN Jessica Lal was shot at a party in south Delhi in 1999, neither the senior police officer nor the several hundred guests who were present saw a thing—not even those who at first thought they had. Those suspected of the killing were the children of prominent politicians, perhaps explaining the sudden onset of mass retrospective myopia. The impression created—that money plus access to power equals impunity—damaged the image of the justice system and resulted in a public outcry. However, on December 18th Manu Sharma, son of a senior politician from Haryana, a northern state, was at last convicted of the murder by Delhi's high court. Indian justice may be slow, but it is not broken.

Quite how slow is illustrated by another recent case that mixed murder with political influence. Priyadarshini Mattoo was raped and murdered in 1996. The chief suspect, Santosh Kumar Singh, was the son of a senior officer in the Indian Police Service. Mr Singh was acquitted, but public pressure was brought to bear again, and a retrial forced. He was eventually sentenced to death in October 2006, more than ten years after the crime took place.

Or take the cases of the 123 people accused of playing a part in the Mumbai bombings in 1993, in which 250 people died. In December a hundred people were found guilty, in the most drawn-out trial in India's history.

Proceeding carefully is no doubt a virtue in justice, particularly in complicated terrorist trials. But the time taken for the final blow to fall from the gavel reflects blockages in the system. There are currently more than 30m civil and criminal cases pending. India has 11 judges for every 1m people, compared with 107 in America, so the backlog will not be cleared soon. Whether a case is seen through or neglected can seem rather arbitrary. Those who demanded justice for Miss Lal and Miss Mattoo proved more fortunate than many.

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Palestine

# The spectre of civil war

Dec 19th 2006 | RAMALLAH
From The Economist print edition

**The Palestinian president's call for early elections may spark a bloody showdown**

Reuters

Get article background

“THE Arab world's only true democracy,” is how Palestinians are fond of calling their quasi-state. But its democratic credentials are being sorely tested. In an angry speech on December 16th, Mahmoud Abbas, the president, frustrated by months of failure to broker a unity government for the Palestinian Authority (PA) between his own secular Fatah party and the ruling Islamists of Hamas, called for new presidential and parliamentary elections. Next day he asked the elections commission to make preparations.

Hamas, which won control of parliament only in January, calls this a coup d'état. Another phrase might be “empty threat”. The Basic Law, a rough sort of constitution, says Mr Abbas can appoint or dismiss a prime minister but says nothing about dissolving parliament or calling new elections. His advisers are trying out devious ways around this drawback: Azzam al-Ahmad, Fatah's parliamentary leader, claims Mr Abbas can do anything the Basic Law does not expressly forbid, and, since it says he cannot dissolve parliament during a state of emergency, he can therefore do it at other times.

Legal niceties, though, will not be a deciding factor. Guns may. Factional violence in the Gaza Strip, the smaller bit of a would-be Palestinian state, has risen since unknown gunmen last week killed the three young sons of a PA security official from Fatah. In the murky world of Gazan feuds, the murder could have been political, personal or both; it prompted a series of attacks on Hamas figures, including the prime minister, Ismail Haniyeh, and the foreign minister, Mahmoud Zahar. Fatah militants have also taken over two ministries in Gaza. Hamas has launched its own reprisals at Fatah targets, and both groups have shot at each other's public rallies in both the West Bank and Gaza, wounding dozens of unarmed bystanders. A ceasefire signed on December 17th lasted only a few hours before clashes resumed.

Both sides have tens of thousands of armed men at their disposal. Fatah is now trying to impose the same relatively strong discipline on its fractious militias as Hamas has over its own; Muhammad Dahlan, a Fatah man who is Gaza's former security chief, has been brought back out of disfavour to help. Moreover, in both Gaza and the West Bank, ordinary citizens have been arming themselves against the rising lawlessness. Spokesmen for both sides say, as they always do, that “the Palestinian people” will not let a civil war develop. Conciliation has indeed prevailed after such clashes in the past. But things have never been so volatile, the guns so plentiful and the forces so large as now.

If the violence can be contained, then the other deciding factor may be public opinion. Mr Abbas seems to be making up his strategy as he goes along, but one that is taking shape is to give talks on a unity government one last try and, if they fail, to call a referendum on new elections. A poll held just before Mr Abbas's speech, by the Palestinian Centre for Policy and Survey Research, found that 61% want early elections. But it also gave Fatah only a slight lead over Hamas, which could turn into a loss if, as happened last time, Hamas proves better organised at the district level.

Hamas, for its part, is counting on being able to make voters stay away from the parliamentary election. “One *fatwa* from the mosques will make everybody adhere to the party's recommendations,” says Yazid Khader, director-general of the PA's information ministry. But it could still field a presidential candidate, and last week's poll put Mr Abbas just a point ahead of Mr Haniyeh in such a contest.

Both sides still say they want a unity government; they differ on the programme. For Mr Abbas, it should accept the foreign donors' three conditions for ending their boycott of the PA—recognition of Israel, renunciation of violence and adherence to previously signed agreements. Hamas spokesmen say that merely achieving a unity government, perhaps with a watered-down form of the conditions, will be enough to make some donor countries (particularly some conscience-stricken Europeans) break the embargo.

But talks have failed so far mainly because neither side obviously benefits from sharing power: Hamas would relinquish control, Fatah would take on responsibility, and the donors have never shown any flexibility on the three conditions to entice them towards a deal. Moreover, Mr Haniyeh, once a relative moderate in Hamas, now seems to have thrown his lot in with Iran, returning from a Middle East tour with pledges of hefty financial support. If he can smuggle the money in, Mr Abbas's threats will ring even emptier.

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Iran

# A rebuff for the president

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**Elections suggest a dip in the bellicose president's popularity**

MILDER-MINDED Iranians have had little to cheer about for four years, but this week they celebrated at least a spasm of electoral success that may have slowed the momentum of their harsher compatriots taking their cue from Iran's populist president, Mahmoud Ahmadinejad. Early results of elections to the powerful Assembly of Experts suggest that a faction led by a former president, Akbar Hashemi Rafsanjani, a hard-nosed pragmatist, was beating that of his main rival, Ayatollah Taqi Mesbah Yazdi, often seen as the president's mentor.

The assembly meets only twice a year and has rarely intervened in the running of state but is potentially the country's most important body. It can supervise or sack the supreme leader (who has a lot more power than the president) and even appoint a new one. Though elected, all its candidates must be expert in Islamic law, often old politicians or venerable ayatollahs who are relied on not to rock the boat.

Although a victory for hardliners was never likely to challenge Ayatollah Ali Khamenei, who became Iran's supreme leader in 1989, it could have pressed him to pursue still more conservative social policies and more belligerent foreign ones. Moderates had also feared that Ayatollah Mesbah Yazdi had long-term designs on the leader's chair for himself.

More traditional ayatollahs and pragmatists like Mr Rafsanjani will take heart, hailing the results as a sign of the people's ambivalence to Mr Ahmadinejad, pointing to unmet economic promises and a confrontational foreign policy that has brought Iran to the brink of UN sanctions.

Mr Rafsanjani will be chuffed. He last won an election in 1993 and has since fared miserably in attempts to get into parliament and to become president again. He will share his pleasure with Muhammad Baqer Qalibaf, mayor of Tehran, who has a score to settle with the president. Mr Ahmadinejad supplanted him as the conservatives' candidate days before the presidential election in 2005, provoking a feud that split the hardliners' vote. The robust victory of Mr Qalibaf's supporters in the simultaneous local elections is a slap in Mr Ahmadinejad's face, which was prominently displayed on posters across the capital. However, the perky president has simply painted the election as a victory against the West, whose media wickedly portray Iran as undemocratic.

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**Saudi Arabia**

# Princes at odds

Dec 19th 2006
From The Economist print edition

**Does an abrupt ambassadorial exit presage a fresh struggle for power?**

AP

IF THERE is anything thicker, stickier and less transparent than crude oil, it is the inner workings of Saudi Arabia. This is why the abrupt resignation of Prince Turki al-Faisal (pictured), the kingdom's high-profile ambassador to America, has provoked a geyser of speculation. Some of the talk centres on alleged troubles bubbling in the crucial Saudi-American alliance, and some on a perceived power struggle between factions of the Saudi ruling family.

What is sure is that Prince Turki is no mere career diplomat. He is a nephew of King Abdullah and brother of Prince Saud al-Faisal, the long-serving foreign minister. Before going as ambassador to London in 2002 and Washington in 2005, the suave, Georgetown-educated prince had spent 24 years heading the Saudi intelligence services, handling such missions as funnelling covert funds to Afghan mujahideen.

It is also clear that Prince Turki did not resign in order, as he diplomatically averred, to spend more time with his family. His move was announced obliquely in Washington, and had yet, a week later, to be confirmed by any statement from the Saudi capital, Riyadh. He took up the post only 17 months ago, and won much praise for a quiet but approachable style that contrasted with the flamboyance of his predecessor (and cousin and brother-in-law), Prince Bandar bin Sultan, who had forged close friendships with every American president since Ronald Reagan.

Much of the current flood of rumour swirls around ostensibly strained relations between the two princes. Since leaving Washington last year, Prince Bandar, whose father, Prince Sultan, is Saudi Arabia's defence minister and next-in-line to the throne, has served as national security adviser to the Saudi king. In that post he is said to have advocated a more aggressive foreign policy for the kingdom, in a break from the quiet chequebook diplomacy long pursued by the Faisal brothers. He is also said to have pursued initiatives independent of the now-ailing foreign minister, including a recent unannounced visit to Washington where he is said to have encouraged Bush administration hawks to resist mounting calls to engage with Iran and Syria. Prince Turki, for his part, has called America's refusal to talk to Iran a mistake.

Such differences may reflect an unresolved split in Saudi attitudes towards the war in Iraq. Strong tribal and religious ties link the Al Saud family to Iraq's beleaguered Sunni minority, while an historic rivalry with Shia Iran, along with suspicion of Saudi Arabia's own Shia minority, fuels fears that the Islamic Republic harbours hegemonic designs on the region. Looming possibilities, such as Iran developing nuclear weapons, America abandoning Iraq to the control of an Iranian-backed Shia government and Lebanon slipping back into Syria's orbit, have lately exacerbated such fears.

Some Saudis have backed cautious policies, such as the building of a costly defensive barrier along their long desert border with Iraq. Others, reflecting an upsurge of sectarian feeling recently expressed in a joint statement by Wahhabist clerics demanding Sunni mobilisation against Shias in Iraq, have called for more direct action. Nawaf Obeid, a Saudi security consultant and adviser to Prince Turki, suggested in a recent column in the *Washington Post* that, in the event of an American withdrawal, Saudi Arabia should intervene forcibly on the side of Iraq's Sunnis. Prince Turki fired Mr Obeid for this indiscretion, leaving some to speculate that the consultant had been pushed by the ambassador's rivals into publishing his opinions.

Some well-placed Saudis believe such differences have as much to do with internecine royal politics as with foreign policy. Though the Al Sauds tend to act by building careful consensus within the family, the potential for clashes between two main factions still exists. One links King Abdullah to pragmatists such as the Faisal brothers, while the other is led by Crown Prince Sultan, who heads the powerful Sudairi branch and whose full brothers include the arch-conservative minister of the interior, Prince Nayef, and the governor of Riyadh, Prince Salman. Both the king and crown prince are in their 80s; despite a recent change in succession rules to dilute the Sudairis' influence, worries persist that King Abdullah has grown too weak to block their eventual rise to power.

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Libya

# Death to the nurses

Dec 19th 2006 | CAIRO
From The Economist print edition

**Six foreigners have been sentenced to death for allegedly giving children AIDS**

WHEN Libya scuttled nuclear and chemical weapons programmes three years ago, hopes rose that Colonel Muammar Qaddafi's dictatorship might shed its roguish reputation. Investors flooded in amid talk of deeper reforms. But not much has happened since. Now, with a Libyan appeal court confirming death sentences on six foreign medics, nonsensically charged with deliberately infecting hundreds of children with AIDS, the roguery seems to have returned with a vengeance.

That the parents of the infected children—52 of whom have died of the disease—should demand justice is understandable. That Mr Qaddafi should use the case to stir xenophobia as a distraction from his people's many other discontents is perhaps explainable as a particularly cynical political ploy. Yet the scientific evidence speaks so clearly of the innocence of the five Bulgarian nurses and a Palestinian doctor who had the bad luck to work at the Benghazi hospital where the outbreak peaked in 1998 that the sentences look sickening.

No fewer than three reports by distinguished foreign AIDS specialists have cast doubt on whether the nursing staff should be blamed. French, Swiss and Italian experts noted that the AIDS outbreak started at least a year before the accused nurses arrived in Libya and continued after their arrest. More than half the blood samples taken from HIV-infected children showed they had also been infected with other diseases.

The obvious likely culprit was re-use of unsterilised needles, a practice that other workers at the same hospital say was routine. This has, in fact, been the cause of similar AIDS outbreaks elsewhere. But in a first trial, and now in a retrial, Libya's courts have rejected such evidence on the grounds that it contradicts the conclusions of a panel of Libyan doctors. The alleged discovery of vials containing AIDS antibodies in the home of one of the nurses, the Libyan doctors contend, is proof enough that the foreign medics had been trying out an AIDS cure, on behalf of some unnamed foreign drug company, using Libyan children as guinea pigs.

The best hope now for the lives of the six is that a deal may be struck. European governments have publicly resisted Libyan hints that “blood money” might secure forgiveness, while quietly paying for treatment in Europe for 400-odd sick children. Some say Mr Qaddafi himself may now try to score points by granting a magnanimous pardon. Others say that what the quixotic leader really wants is to exchange the medics for Ali Megrahi, a Libyan agent sentenced to life in prison by a Scottish court in 2001, for the bombing in 1988 of a Pan Am airliner over the village of Lockerbie.

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Nigeria

# The next president, perhaps?

Dec 19th 2006 | ABUJA
From The Economist print edition

## The ruling party picks its man to be the country's next boss

Get article background

AN OBSCURE Muslim state governor looks set to succeed President Olusegun Obasanjo in April's election. The polls would then mark the first time in the history of Africa's most populous country that one civilian has handed over to another. Given the power and money of the People's Democratic Party (PDP), Umaru Yar'Adua now has every chance of being Nigeria's next president.

But the thousands of delegates from the ruling party who voted overwhelmingly for him at this month's primary did so without much enthusiasm. Nigeria is roughly split between a Muslim north and a Christian south; Mr Yar'Adua had the advantage of being the governor of Katsina state, in the north, at a time when the Nigerian elite feels it is the north's turn to hold the presidency after eight years of the evangelical, southern Mr Obasanjo. But in truth Mr Yar'Adua owes his elevation less to geography, popularity or even ability, and far more to the behind-the-scenes machinations of Mr Obasanjo.

Reuters

**Yar'Adua looks set for the top spot**

The president forced through the nomination by threatening recalcitrant party members with anti-corruption probes and by promising power under the new regime to loyal factions. Mr Obasanjo failed earlier this year to force the national assembly to change the constitution to let him stand for a third term as president himself, and clearly feels that a victorious Mr Yar'Adua would give him the best chance of retaining his power and influence.

Mr Yar'Adua, who suffers from a severe kidney problem, has old ties to Mr Obasanjo: the new man's elder brother was Mr Obasanjo's deputy during his period of military rule in the 1970s. Many disillusioned party members think that Mr Yar'Adua's main usefulness to his patron will be to protect his immunity from prosecution after he leaves office. He has called Mr Obasanjo the “father of democracy and good governance in Nigeria”. As it is, Mr Obasanjo is well set to be a highly influential party chairman, controlling membership and access to party funds.

Many PDP delegates are also irritated by Mr Yar'Adua's choice of running mate, Goodluck Jonathan, a weak state governor who only recently took over after his corrupt predecessor was impeached. The PDP, a broad coalition of ethnic and religious groups, is a formidable electoral machine with deep pockets; it has run Nigeria since the end of military rule in 1999. But unhappiness with the candidates and with Mr Obasanjo's bullying tactics could sap the PDP's strength. “The PDP ticket is a weak one, and the party has to address this fact,” says a senior party member.

Indeed, such is the discontent that if the PDP is to win again, it will probably have to steal a lot more votes than in 2003. Nigeria's police bought 80,000 new guns earlier this year in anticipation of violence at the polls. Mr Yar'Adua could yet face a strong challenge from a “big man” of Nigerian politics, such as Muhammadu Buhari, a former military ruler and influential northern politician, at the head of a newly united opposition. Atiku Abubakar, Mr Obasanjo's powerful but estranged vice-president, could also line up against him.

Mr Obasanjo has said he does not want “criminals and crooks” inheriting power after he leaves, but Mr Yar'Adua has had to bring in some of the more venal PDP people in government to back him, because

they have money and clout. Many who know Mr Yar'Adua well say he is a strong enough person to use his corrupt backers now and dump them later. Whether he can do so will determine whether he has a chance of truly reforming a country still horribly prone to communal violence and racked by corruption.

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The European Union summit

# Back to the constitution

Dec 19th 2006 | BRUSSELS
From The Economist print edition

**European Union leaders want to move on from arguing about enlargement to arguing about a revived constitution**

AFP

THE last summit of 25 European Union leaders (the next will have 27) on December 14th-15th may mark a turning-point: the moment the EU changed its main topic of discussion from its own expansion to the attempt to revive its failed constitution. Since the constitutional treaty was rejected by French and Dutch voters in the summer of 2005, the union's achievements (such as they are) have mostly involved outsiders. It has begun accession talks with Turkey and Croatia, stepped up its diplomacy in the western Balkans and bolstered its common foreign policy in such places as Lebanon.

The summit has now brought this engagement with matters external to a subdued close. Angela Merkel, the German chancellor, has declared that she will use her six-month presidency of the EU, which starts on January 1st, to restart the stalled process of getting a European Union constitution approved.

The task of the summit over applicant countries was to balance the demands of European voters, who seem increasingly worried about enlargement, with the longer-term interests of the EU, which are enhanced by it. They came down on the side of voters. To avoid slamming the door altogether, the summit did not invent new criteria to keep countries out (no nonsense about limits to the club's "absorption capacity"). The summit said that Turkey and Serbia were still welcome, although it suspended eight of the 35 "chapters" of negotiation with the Turks. Ms Merkel, who once backed only a "privileged partnership" for Turkey that fell short of full membership, changed her tune and suggested that membership may be attainable after all. Yet it is not clear how seriously any promises to Turkey (or other countries) should be taken. German diplomats claim that a couple of negotiating chapters for Turkey might be opened next year, as a test of the EU's good intentions, but the government of Cyprus would have to agree—and it does not seem ready to.

On the other side of the ledger, the summiteers declared that they would toughen their existing membership criteria and scrutinise applicants more carefully. Candidates will no longer be given target dates for entry, as were Bulgaria and Romania. In brief, the summit's message was: the latest round of enlargement was painful, and the next will be worse. Its subtext was: a new constitution is now a precondition for any further enlargement.

By linking the two issues in this way, European leaders were able to move smartly on from enlargement

(which is now distasteful to many) to the apparently pleasanter subject of the constitution, which the German government wants to resurrect from the dead by 2009. That requires a hectic schedule, beginning with Germany's six-month presidency.

Ms Merkel wants to use her time at the helm to work out a political deal over which bits of the constitution to cut, which to change and which to dilute. The plan is that, armed with this agreement, European leaders will gather for another “inter-governmental conference” in the second half of the year, to do whatever deals are needed to make the treaty acceptable to all. A full text should then be ready by the end of the year, with ratification achieved flawlessly during the first half of 2009. With one bound, it seems, the EU will be free.

Naturally, this timetable will be subject to all sorts of upset and delay, but the intention is precise. The Germans want to stop shilly-shallying. There will not be another bombastic constitutional convention that lasts for months. Countries such as Germany that have accepted the constitution as it stands (18 of them, including Bulgaria and Romania) want to put pressure on those that have either rejected or not ratified it. Spain and Luxembourg have called a conference of yeasayers in Madrid in mid-January to ask why the nine *refuseniks* should hold everybody back. If all this precipitates a constitutional crisis, so be it: perhaps it will force the hands of the no and don't-know camps.

This is like a game of chicken in which Germany speeds up the bus in the hope that oncoming traffic swerves off the road. It seems to be based on two heroic assumptions. One is that Nicolas Sarkozy will win the French presidential election next spring. He has already said that he will campaign for a so-called “mini-treaty” (a stripped-down version of the constitution). Victory may enable him to claim a mandate, and have such a mini-treaty ratified by the National Assembly, avoiding the need for a second referendum. But what happens if the Socialist candidate, Ségolène Royal, wins? Her party is split over the constitution, and she will hardly welcome instant demands to accept a new political deal so soon after her election. It may prove impossible to think seriously about the constitution until after the French election, which will hamper the German timetable from the start.

A similar objection applies to Britain. By the middle of 2007, Tony Blair is likely to have stepped down as prime minister to be replaced by Gordon Brown. The Germans hope that Mr Brown, like Mr Sarkozy, will be ready to push a new treaty through parliament, without a referendum. They think he may be more willing to do this if he is promised progress on two other areas that he cares about more: reform of the EU budget and a radical overhaul of the common agricultural policy. Yet Mr Brown is just as likely to find it impossible to resist press and public pressure for a referendum—as Mr Blair did. Like Ms Royal, the last thing he will want on taking the top job is a big crisis over Europe.

The hurried German schedule also ignores divisions that emerged even at the summit. The Czech prime minister, who once called the constitution “incredible shit”, insisted that it was “a non-issue”. Jacques Chirac dismissed the planned meeting of the 18 ratifiers (“I don't know why it has received so much public attention”). Jan Peter Balkenende, the Dutch prime minister, ruled out any follow-up meeting of the non-ratifiers.

European leaders claim that a new constitution is consistent with, and indeed necessary for, the club's further expansion. But to judge by the arguments that it is likely to stir up, navel-gazing is more likely to prove a substitute for enlargement. It will certainly not offer any relief from big rows at EU summits.

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French books

# Comic wars

Dec 19th 2006 | PARIS
From The Economist print edition

**Alien invaders take on a French icon**

THE year is 2098. A Sorbonne student is defending his thesis, on “one of the most fascinating political phenomena of the start of this century”. So begins the latest French comic-book to fly off the shelves: “La Face Karchée de Sarkozy”, a satire on Nicolas Sarkozy, France's interior minister and leading centre-right candidate in next spring's presidential election. It is currently third on Amazon's French bestseller list.

The French love comic-books, known as *bandes dessinées* (BD). Six of France's current ten bestsellers are comic books, says Tite-Live Edistat, a publishing monitor, including albums with such homegrown characters as Titeuf and Lucky Luke. In 2006 France will have published 4,000 BD titles (ten times as many as 15 years ago), selling 13m copies.

**Sarkozy responds to his critics**

The country that in 1959 invented Astérix, the plucky potion-drinking Gaul, has a long comic tradition. Some BD aficionados trace its roots to prehistoric cave paintings in Lascaux or, more prosaically, to the Bayeux Tapestry. But Americans have comic-book superheroes; the Japanese have manga. What is special about French comics?

Their form, for one thing. Unlike America's paper comics, French ones are glossy hardbacks. French men (as most readers are) build up collections rather as British men once collected vinyl records. Rows of comic-book albums can be found on the bookshelves of even the most bourgeois Parisian households.

Another point is the status that France grants comic-book authors. “The BD is not a genre, like science fiction or the thriller,” says Benoît Mouchart, artistic director of the Angoulême BD festival, which in January marks its 34th year. “It is a real form of artistic and literary expression, like the cinema or the novel.” Every year 200,000 visitors descend on the town for a literary festival that also doubles as a trade fair.

A third difference lies in the themes that French comic-books treat. There are plenty of humorous titles for children, but many are designed for adults, from fantasy to politics. Philippe Cohen, one of the authors of “La Face Karchée de Sarkozy”, is a journalist and co-author of “La Face Cachée du Monde”, an exposé of the famous newspaper. The word *karchée* plays on one Mr Sarkozy used to talk of cleaning up the *banlieues*.

Like Astérix, French comics face new invading forces. The craze for Japanese manga is taking the country by storm. These account for some one-third of the comic-books now sold in France. As ever, Astérix is busy fighting off this new menace. In his most recent album the pint-sized Gaul battles against the alien “Nagma”—a thin disguise for the invading Japanese comic-book.

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Italy's budget

# Just in time

Dec 19th 2006 | ROME
From The Economist print edition

**The budget passes, but more troubles loom ahead**

PHEW! We made it! Now let's shoot the guide. That sums up the mood in some of the parties that make up Romano Prodi's centre-left coalition as their parliamentary managers dragged Italy's 2007 budget through the final stages of its perilous journey in parliament. On December 15th the upper-house Senate approved a much-amended budget that aims to cut Italy's deficit below 3% of GDP for the first time in five years.

But the budget passed, by 162 votes to 157, thanks only to the support of five unelected life senators. That fact triggered predictable opposition squeals. Even so the budget was expected to get the nod before Christmas, as the centre-left enjoys a comfortable majority in the lower-house Chamber of Deputies.

Steering any budget through the Italian legislature is tricky. For a nine-party alliance such as Mr Prodi's, with only a tenuous grip on parliament, it was a challenge of Herculean proportions. Yet the mood in the centre-left after achieving it this week was anything but jubilant. For the process of adopting the budget has cost the government dear.

Mr Prodi's finance minister, Tommaso Padoa-Schioppa, had crafted an austerity package that relied heavily on tax increases. Polls for *La Repubblica* suggest that support for the government has collapsed from a high point of 63% in July to 38% in December. Mr Prodi makes light of the situation. He claims to be familiar with jeers and low poll ratings from his experience of ten years ago, when his first government passed an austerity budget. But there is a big difference between then and now. The 1997 budget was aimed at getting Italy into shape to join the euro, a cause that the public soon adopted. The argument for painful sacrifices in 2007 is much less clear in the public mind.

At the outset Mr Padoa-Schioppa insisted that stringent measures were needed to rein in a budget deficit that had got out of hand in the dying months of Silvio Berlusconi's centre-right government. Yet when the budget was unveiled, there was already evidence of a surge in tax revenues that was making the deficit seem less urgent. Revenues in 2006 now seem likely to be 11% up on 2005.

The underlying reasons for this improvement are disputed. But they include two factors that the government may not want to highlight. One is an uptick in the economy that started before the centre-left came to power and may deliver GDP growth in 2006 of 1.8%. The other is a widening of the tax base after some much-derided one-off measures by the previous government. Even so, Italy's public finances are not in good shape. As the rating agencies like to stress, the huge public debt of over 100% of GDP is no longer being cut. But the government's stated case for belt-tightening was flawed—as the Italian public seems to realise.

There is growing talk of dumping Mr Padoa-Schioppa in the new year. That might cheer his cabinet colleagues, yet the government's loss of support could persist. As ministers are now finding, their next big initiative could be as unpopular as the budget: further liberalisation.

Italy's competitiveness is an even more worrying long-term concern than the state of its public finances. According to a World Economic Forum report in December, Italy now falls below all other European Union members save Poland in competitiveness. Having missed the opportunity to cut spending in the budget, the government is relying largely on liberalisation to improve things. So far, it has only scratched the surface, with a clutch of measures to free up the professions and such small businesses as taxi-driving.

As the budget neared approval, the talk was of a vigorous “phase two” of reform. It was backed, first, by Mr Prodi's deputy prime minister, Francesco Rutelli, and then by Piero Fassino, boss of the biggest party in the government, the ex-communist Democrats of the Left. Mr Fassino told a meeting of party insiders that

the government would survive only if it managed to rally support for its reforms, perhaps “with a referendum among centre-left voters”.

That sounds like a formula for muddle. But the political dilemma identified by Mr Fassino is real. Just as the surge in fiscal revenues has undermined the government's argument for tax increases, so the cyclical improvement in the economy is eating away at arguments for liberalisation. It is ironic, but the government's economic good fortune may be turning into a serious political handicap.

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Spain's civil war

# Painful memories

Dec 19th 2006 | MADRID
From The Economist print edition

**Arguments over the true legacy of the civil war have only just begun**

THE memorial notices in Spanish newspapers in recent weeks constitute a warning that some things in the past, at least, have not been forgotten. Just over 70 years after the Spanish civil war broke out in July 1936, the ghosts of that ghastly conflict are back.

“Tortured and murdered by the Marxist hordes,” reads one notice, published recently in *El Mundo*, a right-wing newspaper. Others, usually in more left-wing newspapers, speak of the mass killings that were carried out by followers of the rebel general who later became Spain's dictator, Francisco Franco.

These sudden, bitter reminders of blood that was shed long ago are more than a sign that 2006 was an anniversary year. The Socialist prime minister, José Luis Rodríguez Zapatero, has decided that public recognition should be given not only to victims of the civil war but also to those of the 36-year dictatorship that followed, ending with Franco's death in 1975.

A draft law before the Spanish parliament proposes to name victims but not those who harmed them. The law would create a parliament-appointed committee of experts charged with the task of identifying victims wronged by either side in the conflict. The list could easily stretch into the tens of thousands. It ranges from those killed by death squads operating on both sides to political prisoners, forced labourers, children who were forced into adoption and victims of torture.

Mr Zapatero, whose own grandfather was shot by a Francoist firing squad, has walked right into a minefield. Spain's centre-right opposition accuses him of indulging in “moth-ball” politics, and of trying to revise history and revive old hatreds. Yet campaigners on the left, some of whom have been exhuming corpses from the hundreds of mass graves that were left by Franco's firing squads, say he is not going far enough. They want to see the sentences of Francoist tribunals formally overturned. Even some of Mr Zapatero's friends blanch at this. “It is all a big mistake,” says one big media supporter.

Underlying this quarrel is the whole approach that Spain took in moving from fascism to democracy. There were no truth commissions, and Francoist officials were not tried for past excesses. Unlike countries in eastern Europe, Latin America or South Africa that have made the same journey, Spain chose simply to turn the page of history. An unwritten agreement, known as the pact of forgetting, has meant that mere mention of the civil war has been kept out of everything, from politics to dinner-party conversation.

That pact has now been broken. In the past few weeks, an angry parliamentary debate has greeted Mr Zapatero's proposed law. This shows that differences over who was to blame for the three-year civil war, and over the dictatorship that followed, still run deep. Indeed, some fret that Mr Zapatero has opened a Pandora's box of troubles. But others see the debate as a healthy sign that Spain's democracy is mature enough to discuss the difficult recent past. Either way, Mr Zapatero himself has yet to show that he knows his way out of the historic minefield.

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Dutch politics

# Verdonked

Dec 19th 2006 | AMSTERDAM
From The Economist print edition

**A spat over immigration may speed up the formation of a new government**

AFTER a month of desultory coalition talks and a near-constitutional crisis over a minister who refused to quit, the Netherlands seems to be heading towards a dull centrist government—but with a Calvinist tinge. The latest coalition plan will try to marry the Christian Democrats (CDA) and Labour, the two largest parties after November's election, with the Christian Union, a party of the religious right.

This threesome—a sort of grand coalition-plus—will emphatically not be a love match. The CDA leader, Jan Peter Balkenende, is likely to remain as prime minister, but Labour is far from being his preferred partner, and he gets on badly with its leader, Wouter Bos. Worse, the two parties need a third for their parliamentary majority. Labour initially insisted on the claims of the Socialist Party, now the country's third-biggest. But the gap between the CDA and the Socialists proved unbridgeable. Another potential partner, Green Left, was unresponsive to offers. Hence the choice of the Christian Union, which mixes leftish economic policies with conservative social values. It has the added attraction in Labour's eyes of being a fierce critic of the outgoing government's anti-immigration policies.

Immigration remains the country's hottest-button political issue. Indeed, it almost brought down the caretaker government, when the immigration minister, Rita Verdonk, refused to heed the new parliament's vote in favour of freezing deportations of rejected asylum seekers. Her supporters invoked the doctrine that a new parliament should not seek to steer an outgoing cabinet. A constitutional clash was averted only when Mr Balkenende gave way, stopping the deportations and stripping Ms Verdonk of the immigration part of her portfolio, though she will for now remain a cabinet minister.

The Verdonk affair may mark a shift in mainstream CDA thinking. In the outgoing government, the party had an easy understanding with its partner, the more right-wing VVD, to which Ms Verdonk belongs. Immediately after the election, in which the VVD suffered heavy losses, both parties seemed reluctant to accept that their happy union was over. Some are still hoping that the coalition talks will collapse, leading to a fresh election.

But most of the CDA have resigned themselves to a new political reality that demands a shift to the left, especially on immigration. Such a shift may become more obvious in the detailed negotiations over a coalition agreement. These talks will feature more than the usual horse-trading, so they may last for months.

The would-be coalition partners are acutely aware of the dangers their government could pose to them. The first opinion polls since the election show that both the CDA and Labour continue to lose ground. When the two get down to the business of government, it will be the parties on their extreme flanks that they will watch most carefully. That will not help those hoping to revive the European Union constitution, which Dutch voters rejected in June 2005: it was parties of the extreme left and extreme right that led the no campaign.

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Eastern European spies

# State insecurity

Dec 19th 2006
From The Economist print edition

**Spy scandals in eastern Europe reveal some damaging hang-ups**

WHEN spooks start mattering, democrats start worrying. Eastern Europe has shed the planned economy and one-party rule. But the intelligence and security services still have disproportionate influence. Indeed, it seems to be growing.

In Poland reform of the military-intelligence agency, the WSI, has been the main achievement—critics would say the sole one—of the government in the past year. A commission charged with the job claims that the WSI was actively involved in influencing the media and business (particularly arms-trading and property), as well as government itself. The WSI has now been broken up into a military-intelligence and a counter-intelligence service. Some 300 Soviet-trained officers have been fired.

Across the border in Lithuania another scandal is blazing in the security service, the VSD. A top Lithuanian spy posted to Belarus, Vytautas Pociunas, was found dead in mysterious circumstances—an event that some link to feuds within the VSD over freight contracts. A muck-racking newspaper which published supposedly inside information about the VSD was raided. A parliamentary committee wants the VSD chief, Arvydas Pocius, to go. He has suspended his service's two top counter-intelligence officers, claiming that they “pose a threat to national security”.

Making sense of all this is hard. But one thread stretches back to the removal in 2004 of Rolandas Paksas, a president whose unfortunate choice of friends led Lithuania's allies to worry about the country's future. Mr Paksas was impeached after the then VSD boss, Mecys Laurinkus, told Lithuania's parliament about the president's Russian-related antics. That success may have made the VSD big-headed.

It is hard to find an ex-communist country in eastern Europe in which the intelligence and security services are depoliticised and uncontroversial. In Bulgaria the director of the department responsible for secret communist-era archives, which lawmakers have voted to open, was found dead at his desk in November, shot with his own gun. The authorities' delay in announcing the death, which leaked out in Brussels, prompted accusations of a cover-up. Two other senior figures committed suicide in October.

Romania's communist-era Securitate has proved the most pervasive and resilient, with extensive business and political connections. President Trajan Basescu recently sacked his intelligence chiefs in a row over the escape of a suspected triple agent who was also an arms-dealer and kidnapper (just another dull day in the Balkans). The president's critics wonder how, in communist times, he wangled a plum job abroad, in Antwerp, without help and encouragement from his or a foreign-intelligence service, something over which the files are oddly silent.

A common feature here is the weakness of eastern Europe's politicians and public institutions, which often fail to counteract the influence of those linked to the past. The old regimes of eastern Europe did not disappear in a sea of flags and euphoria in 1989. Many senior figures relabelled themselves, their money and their power—and are still doing nicely under the new system. It helps that decades of totalitarian rule leave people easily spooked. Few believe that the men in raincoats are under proper legal and political control.

One answer may be to start from scratch, with new recruits, something that Poland is now considering. Estonia, whose small, British-trained intelligence service is widely seen as one of the best in eastern Europe, did this in 1992. It also has a rule that politicians must never be spied on. “Such cases are for the voters to judge,” explains an official, sternly.

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Corruption

# Bribe Britannia

Dec 19th 2006
From The Economist print edition

**Two steps back in the fight against corporate backhanders**

TO CONNOISSEURS of irony, who often find rich pickings in politics, last week's offering was a vintage one. British delegates to the inaugural conference of the United Nations Convention against Corruption, in Jordan, were piously denouncing sleaze and promising to tackle corruption “wherever we find it—whether here or abroad”. At home, meanwhile, their colleagues were busily quashing a two-year investigation into allegations of bribery in connection with the country's biggest-ever defence contract, the Al-Yamamah deal with Saudi Arabia.

Britain has long turned a blind eye to the bribery of foreign officials (until recently such business costs were even tax-deductible), but of late it has been trying to polish its public image. Much of the pressure for change has come from non-government organisations and Britain's fellow rich-country members of the OECD. America, which has banned bribing foreigners since 1977, was especially peeved that its companies were at a disadvantage while everyone else merrily bribed away.

In 1998 Britain ratified the OECD's convention against bribing foreign officials, but its commitment to the treaty has been half-hearted. Instead of passing comprehensive legislation to meet its new obligations, the government argued that Britain's existing laws against domestic corruption were sufficient. It was finally persuaded to ban explicitly the bribing of foreign officials by British citizens and companies, no matter where the offence took place, in the anti-terrorism act of 2001 .

But loopholes abound. Take so-called “facilitation payments”, a high-faluting name for little bribes. Although they are technically illegal, the government says British firms are unlikely to be prosecuted for stumping up when officials insist on them in countries where they are the normal practice. Firms also get a free pass for the corrupt practices of their subsidiaries, unless it is proved that they ordered or actively connived in them. Even the Home Office concedes that the current law is an unsatisfactory patchwork in need of reform. Others agree: the OECD complained in March 2005 that Britain was dragging its feet in implementing the convention.

But progress is being made. Last year the Home Office began consulting on a new anti-corruption law. And in June it set up a team of police investigators to focus on bribery abroad by British businesses and money-laundering by corrupt foreign politicians. It has also tightened rules forcing firms that apply for support from the government's export-credit agency to provide information about the agents they employ

and the commissions they pay.

Britain presents anti-corruption campaigners with a paradox. Despite the lax rules and the fact that it is neck-deep in the arms and oil trades—both especially prone to corruption—it fares well in international surveys of corruption.

A study by Transparency International, an anti-corruption campaign group, ranks Britain as the sixth most virtuous of 30 countries, ahead of America and well ahead of France. Gary Campkin of the Confederation of British Industry, which represents big business, says this shows that “British business is, by and large, fairly clean in comparison with its competitors.” But many think it demonstrates that Britain is better at keeping dodgy business under wraps. The OECD finds it “surprising that no company or individual [in Britain] has been indicted or tried for the offence of bribing a foreign public official”.

The Home Office reckons this is not because British businessmen are especially scrupulous, but because it is hard to gather evidence abroad. That seems a poor excuse. In the first half of this year America embarked on 50 prosecutions of alleged foreign bribery and France managed eight.

## See no evil

Chandrashekhar Krishnan of Transparency International attributes the lack of prosecutions in Britain to the lack of political will. Events last week would seem to bear him out.

On December 14th the Serious Fraud Office reluctantly ditched its investigation into allegations, denied by the company, that BAE paid bribes to Saudi Arabian officials in exchange for an agreement to supply, organise and train the Saudi air force, a deal that has produced up to £43 billion ($84 billion) over almost two decades for BAE. The decision came after weeks of intense lobbying by BAE and the Saudi government, which reportedly threatened to cancel a follow-on purchase of 72 Eurofighter Typhoon jet fighters.

Tony Blair said the investigation had been halted because it threatened to harm relations with Saudi Arabia, a key ally in the fight on terrorism and a partner in the Middle East peace process. But suspicions linger that an equal motive was protecting thousands of British jobs.

Whatever the intention, the decision is at least embarrassing, and may be subject to judicial review, if various pressure groups ask the courts to look at it. British delegates to the next international anti-corruption junket, meanwhile, can expect a tougher reception than at the last one. Mark Pieth, the chairman of the OECD's working group on bribery, says he will be raising the matter in a meeting with the British government next month.

“Every time a government minister goes abroad and tries to lecture a corrupt dictator they are going to see this thrown back in their face,” says Neil Cooper, of Bradford University's peace-studies department. “It will undermine efforts to promote the rule of law abroad in countries like Iraq and Afghanistan.”

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Party funding

# Looking worse

Dec 19th 2006
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**The police investigation is jarring political nerves**

AP

THE indignity had been long expected, but it still came as a shock. On December 14th Tony Blair became the first serving prime minister to be questioned by police conducting a criminal investigation. The only comfort for him was that, like Michael Howard, the former leader of the Tory party who had already been quizzed, Mr Blair was not interrogated under caution. This suggests that both were interviewed as witnesses rather than suspects.

The episode is part of an investigation, led by John Yates of the Metropolitan Police, into the murky world of party financing. There are two ways in which the law might have been broken. The first is if peerages were offered in return for money, which is prohibited by an act of 1925. The second, under a law passed in 2000, would arise if a party failed to disclose the benefits it derived from taking out loans that were not on commercial terms.

The 1925 act outlaws deals in which financial inducements are explicitly traded in return for an honour. This tough burden of proof helps to explain why only one prosecution has been brought successfully under legislation introduced after Lloyd George's flagrant sale of honours.

So for some time charges have appeared more likely under the more recent law. Labour and the Conservatives both financed their election campaigns in 2005 in part through secret loans from wealthy well-wishers. When these became known, their very secrecy aroused suspicions. The 2000 act was actually broken, however, only if the loans were not extended on commercial terms.

Details of the lending, which the Electoral Commission, a regulatory body, published on November 28th, have raised doubts as to just how commercial the terms really were. Some of the interest rates look suspiciously low for unsecured loans, for example. Both parties have insisted nonetheless that all their loans were above board.

Still, the investigation under “Yates of the Yard” continues to rattle political cages. In a new twist, the *Times* reported on December 18th that Downing Street aides and Labour officials are to be investigated for attempting to hamper the police inquiry. If it were demonstrated that they did, charges could be brought for perverting the course of justice. A spokesman for Number 10 says that the office has co-operated fully with the inquiry.

The whole mess shows how important it is to reform party funding. Sir Hayden Phillips, a former top civil servant, has been asked to chart a way forward. He is believed to want to restrict annual donations eventually to no more than £50,000 ($98,000) from an individual or organisation. This is causing consternation within the Labour Party, which fears that the reform would virtually sever its link with the trade unions, its most dependable source of financial support. A cross-party House of Commons committee on constitutional affairs advocated on December 19th a weaker approach in which the parties would voluntarily agree on binding limits to all large donations.

When the police started their investigation in March, most thought it would peter out before too long. Now, however, it has Westminster in its thrall and the denouement may be as unexpected as that of a classic detective story.

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Freedom of information

# Every expense spared

Dec 19th 2006
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**The government thinks coming clean costs too much**

THE notion that access to information is a fundamental civil right lay behind the long campaign for a British Freedom of Information Act. But since it came into force in 2005, the FOIA has not always been treated with reverence. One request made under it was for the e-mail addresses of all the unmarried policemen in Hampshire; another wanted the number of sex acts perpetrated on Welsh sheep in 2003. The government is using such frivolous applications as part of the rationale for making it harder to get information.

Around 120,000 requests are filed under the act every year. Private citizens made 60% of them, with businesses and journalists accounting for 20% and 10% respectively. All kinds of facts have emerged blinking into the daylight: mundane but useful information about restaurants' hygiene records, controversial mortality statistics for individual surgeons, details of government contracts with the private sector. Lord Falconer, the minister responsible, gave the act a glowing review in his first annual report, published in May.

But official opinion seems to have soured since then. On December 14th the Department for Constitutional Affairs (DCA) agreed to consult on planned reforms. Currently, requests to Whitehall can be refused if they cost more than £600 ($1,170), including the time spent hunting for files. Ministers now want to add the time spent pondering whether to publish the information. They also want to treat separate requests from organisations as a single submission for the purpose of working out costs. Such measures are needed, they say, both to cut costs and to discourage those who are more interested in frivolity than good governance.

Others see a darker motive: Maurice Frankel, director of the Campaign for Freedom of Information, says that the measures will cut down on precisely the complicated and time-consuming requests that prove most embarrassing for ministers. The government is explicitly targeting “experienced and serial requesters”—officialese for campaigners and journalists.

The numbers tend to support the cynics. The FOIA cost taxpayers £35.5m in 2005; officials reckon the new rules will save around £12m a year. Such sums are imperceptible to a government that expects to get through £555 billion of taxpayers' money this year. A National Audit Office report published the same day as the DCA's consultation, for example, criticised the £2.8 billion spent last year on private-sector consultants. There are better targets for penny-pinching than the cheap and effective Freedom of Information Act, but watering it down might make official lives a bit easier.

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Living standards

# The big squeeze

Dec 19th 2006
From The Economist print edition

**Wage negotiations in early 2007 will be a tussle**

SOME of the reasons for voters to be grumpy with the government—such as the war in Iraq and the titles-for-cash investigation—are widely discussed. Other grievances are less frequently aired, but probably no less important. The squeeze on living standards in recent years belongs to the second category.

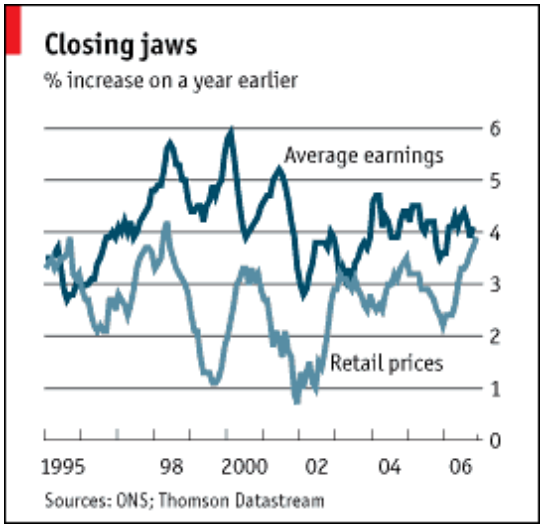
During the past two decades, real disposable income per person has grown at an average rate of 2.7% a year. In the first five years of Labour's period in office (until 2001), it increased even faster, at an annual rate of 3.0%. But since then its growth has halved to just 1.5% a year.

The slowdown partly reflects a decline in economic growth after the dotcom crash at the start of the century. But higher taxes have also taken their toll. In 2003, for example, national-insurance contributions went up by £8 billion a year, split half and half between employers and employees. Firms responded by keeping wages down, which made it even more painful for staff to stump up their own higher contributions. Meanwhile income-tax payers have suffered from “fiscal drag”, which sucks in more receipts automatically when the tax thresholds rise by less than nominal income growth.

Higher debt-servicing charges have also been eating into budgets. Payments have risen because debt has soared and the base interest rate has returned to a more normal level of 5% after the low of 3.5% in 2003.

As if this were not enough, energy costs have risen steeply. Altogether the share of pre-tax household income now gobbled up by essentials—direct taxes, council tax, interest and regular loan repayments, and energy costs—has risen to its highest in the past 20 years, according to Melanie Baker, an economist at Morgan Stanley, an investment bank.

Over the next few months, the squeeze on households is due to get worse rather than better. Consumer prices increased by 2.7% in the year to November, well ahead of the government's inflation target of 2%. The retail-prices index (RPI), a broader measure used as a benchmark in pay negotiations, rose by 3.9%—up from 2.4% in January. RPI inflation is now at its highest rate since May 1998. City forecasters expect that it will rise further to over 4% in the months ahead. If this occurs, then inflation will outstrip growth in average earnings for the first sustained period since 1995 (see chart).




As luck would have it, this will coincide with the main pay round. According to Ken Mulkearn of Incomes Data Services, around two-thirds of pay settlements are reached in the first four months of the year, most of them in January and April. After years of generous awards to teachers, health-care workers, police officers and the like, the government may be able to hold down pay deals in the public sector. But there will be intense pressure from private-sector workers for awards that match current rates of RPI inflation, even though it is forecast to fall quite sharply in the middle of next year.

No one knows at present what the result of this bargaining will be. If settlements do rise appreciably, then average-earnings growth will pick up from its current rate of 4.1% towards the 4.5% pace that the Bank of England worries about. Wage-earners with mortgages may gain bigger pay increases, only to find that they then lose both from rising interest rates and from higher-than-expected inflation. On the other hand,

if pay deals are restrained because of slack in the labour market, then real incomes are squeezed even more tightly in the first half of 2007. Either way, it will mark a dismal end to Tony Blair's decade as prime minister—which began to the refrain that “things can only get better”—and an inauspicious start to Gordon Brown's premiership.

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**Reading**

# Catching up

Dec 19th 2006
From The Economist print edition

**What to do about children who don't like books**

IF YOU go looking for a book to buy as a present for a child, you will be spoiled for choice, even in a year such as this, when there is no new Harry Potter. J.K. Rowling's wizard is not alone: the past decade has been a bumper one for good children's books, which has set off an avalanche of films and in turn led to increased sales of classics such as “The Lord of the Rings” and “The Lion, the Witch and the Wardrobe”.

Yet despite the proliferation of excellent books, reading is increasingly unpopular among children. According to the National Foundation for Educational Research, in 1997 23% said they didn't like reading at all. In 2003, 35% did. And around 6% of children leave primary school each year unable to read properly.

Maybe the declining popularity of reading is the fault of the increasing availability of computer games. Maybe the books boom has affected only the top of the educational pile. Either way, Gordon Brown, the chancellor, plans to change things for the bottom of the class. In his pre-budget report, he announced the national implementation of Reading Recovery, a scheme to help the children who are struggling most.

Reading Recovery is aimed at six-year-olds, who receive four months of individual daily half-hour sessions with a specially trained teacher. An evaluation published earlier this year reported that children on the scheme made 20 months' progress in just one year, whereas similarly weak readers who received no special help made just five months' progress, and so ended the year even further below the level expected for their age.

At more than £2,000 ($3,900) per pupil, Reading Recovery is not cheap. But it may be a sound investment. The KPMG Foundation, a charity that has been paying for Reading Recovery in some schools, reckons that each child who leaves primary school unable to read will go on to cost the taxpayer at least £50,000 in specialist teaching in secondary schools, dealing with truancy, paying benefits to adults who are more likely to be sick and jobless, and the fall-out from increased crime.

In 1997 the government introduced a national literacy strategy, hoping that changing the way reading was taught might reduce this hard core of non-readers. A rigidly-structured daily one-hour lesson was prescribed for all primary-school children, focusing on the mechanics of reading. But as a result it seems that many children may have been turned off books.

International research tends to find that by the time British children leave primary school they are reading well by international standards, but read less often for fun than those elsewhere. Tellingly, the inspectors said that when they asked why it is good to be able to read, children were more likely to say that it would help them to do well in tests or get a good job than that reading was enjoyable.

This matters not only because children who are keen on reading can look forward to lifelong pleasure, but because loving books is an excellent predictor of future educational success. According to the OECD, being a regular and enthusiastic reader is more of an advantage than having well-educated parents in good jobs.

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The Ipswich murders

# Towards safer streets

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From The Economist print edition

**The government will be forced to re-think its policies on prostitution**

AT LAST a break in the Ipswich murders case that has transfixed Britain. On December 18th police in Suffolk arrested Tom Stephens, a former police volunteer from Trimley Saint Martin, near Felixstowe, on suspicion of killing all five of the women whose bodies had been discovered over the past two weeks. A second suspect was arrested the following day.

The death of these young women, who all worked as prostitutes, has lent urgency to a long-running debate on two questions: how to protect prostitutes, and how to control the booming sex trade. Those whose main aim is making prostitutes safer favour legalising their business in order to cut its links with organised crime. Those who are mostly interested in containing prostitution want to crack down on its practitioners.

Earlier this year, the government asked for comments on controversial proposals such as legalising brothels and experimenting with well-policed “managed areas” where prostitutes could work. Those ideas never made it into the official strategy on prostitution published earlier this year. Katharine Raymond, until recently a special advisor in the Home Office, reckons politicians were too scared of public reaction to try out such schemes.

Miss Raymond is one of many who believe that making prostitution legal would make prostitutes safer. In 2003 New Zealand swept away laws under which prostitution was a criminal offence; according to the English Collective of Prostitutes, early evidence since then shows an “encouraging” drop in violence towards sex workers there.

Not everyone agrees. Elsa Hill, manager of the Poppy Project, which does research for the government on the sex industry, believes that legalised prostitution is a failure, for two reasons. First, she says, in two places where prostitution was legalised—the Netherlands and the state of Victoria in Australia—there is now a greater connection between crime and sex work than before. One nasty manifestation is a sharp increase in the numbers of women (and children) who are trafficked—ie, effectively kidnapped and forced into prostitution.

A second consequence of legalising prostitution, she says, is that demand for it rises. The number of brothels in Victoria doubled in eight years after prostitution was legalised. Local authorities in New Zealand also say that prostitution has spread uncontrollably into residential areas since it was decriminalised. A study of four countries that have different approaches to prostitution found that the trade grew appreciably after it was legalised—and shrank when it was controlled.

But cracking down on prostitutes doesn't seem to achieve exactly what its proponents desire either. The police in Britain continue to focus on sex workers, moving them away from residential areas and slapping anti-social behaviour orders on them. In response, the women merely move from one area to another that is often more dangerous. A report last year by the London Assembly noted that persuading them to control the less attractive by-products of their trade (used condoms, for example, and syringes) at least reduced local residents' objections to their presence.

So what does work? Some advocate the Swedish model. In 1998 the government declared prostitution a form of “male violence” and changed policies. Men who buy sex are charged with committing a criminal offence. The public has been made more aware of trafficking. And the government finances schemes to help women get out of prostitution, which has now declined.

Britain's government seems to be edging towards the Swedish approach. Three years ago the law against trafficking women was tightened; around 100 men have been prosecuted for it, and 30 convicted. There is

official support, though scant funding, for ways to help women out of prostitution. Whether Britain will go further and, like Sweden, jail men who buy sex is not yet clear.

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Europe's Senegal connection

# Faith in the market

Dec 19th 2006 | ROME AND TOUBA, SENEGAL
From The Economist print edition

**Behind the street markets of Italy, there is a network of African Muslims offering a new response to globalisation**

Tim Judah

AS ANY recent visitor to Rome can report, Italy's urban landscape has a new feature, as common as cafés selling delicious cappuccino. Take the Via della Conciliazione, the avenue leading to the Vatican: much of the pavement is dotted with traders from Africa, hawking “ethnic” carvings or bags, belts and sunglasses with fake brand names. Watch for a while and you see the cat-and-mouse games the traders play: every so often, they get warning of a police raid, and they bundle their wares into a sack and flee. If they fail to escape, it will instead be the police who bundle up and remove their goods.

In some Italian cities, like Venice, signs tell visitors not to buy from street traders on pain of a stiff fine. Clearly the owners of pricey local boutiques hate the competition. But most locals shrug their shoulders as they step past the traders, or else they make fun of the peddlers' habit of speaking Italian laced with French.

If they think about it at all, tourists and locals alike probably assume these traders are just a disorganised, random sample of Europe's vast army of human flotsam and jetsam, desperate migrants from poor places who arrive in leaky boats. In reality, the traders on the streets leading to the Vatican are anything but disorganised. They are members of a highly disciplined international community, at once religious and economic, with headquarters in another holy city—Touba, in the heart of Senegal, three hours' drive from Dakar, the capital.

Like so many Senegalese migrants (some of whom drive taxis in New York or pick lemons in Spain), those Roman peddlers belong to a dynamic Sufi Muslim movement called the Mourides. They are followers of Cheikh Amadou Bamba, a religious leader who died in 1927. Inspired by his teaching, they have made an ingenious response to the advent of global markets in goods and labour.

Most of Senegal's 11m people are Muslims, and they usually belong to one or other of two big movements, the Mourides or the older Tidjanes. Bamba described the teaching now known as Mouridism as a return to Islam's roots. But his Islam has little in common with the more austere variety propagated from Saudi Arabia. For one thing, Mouridism has a cult of saints and shrines—including the tomb of its founder—which devout Saudis would reject. But the self-sufficient Mourides don't care; they raise money for their favourite causes and build their own mosques with no need of Saudi cash.

At his home in Touba, a pious but cosmopolitan place where local businesses boast of branches in every corner of the earth, one of Bamba's grandsons, Cheikh Ka, explains the doctrine of self-reliance. “If you depend on others,” he says, “you are not free—it is our philosophy of life.” Before he died Bamba expressed several wishes: in particular he hoped Touba, which he founded, would be a holy city. His extended family, the Mbacke, includes many *marabouts*, or religious teachers. What they teach includes hard work, self-reliance and solidarity. These ideas have propelled his followers out of their country in search of work, to send money back to their families, to support their marabouts (many of whom tour the world to visit disciples) and to develop Touba.

All these factors have helped make the Mourides one of the more successful African communities, at home and abroad. Wherever they are, they club together to acquire a mosque and community centre. Their networks help migrants leave Senegal, find work and procure documents. Far from being helpless victims of fate, many Mourides are shrewd operators in a complex, cross-border network. Take Alioune Ka, the owner of a wholesale shop close to Rome's Termini station: he is a brother of Cheikh Ka in Touba, who takes care of the Senegal-based members of the family. Alioune sells “ethnic” items to Senegalese (and others) who hawk them on streets or beaches. Some stock is from Senegal; a lot from Indonesia, Thailand or India.

Alioune Ka admits that other migrants may be even more resourceful than the Mourides. Many of his competitors are from Bangladesh. He admires them: “They watch the weather forecast and if it is going to rain the next day they are all out selling umbrellas.” On the street, Mr Ka greets fellow Mourides, who form cheerful, close-knit sub-groups. Sellers of bags and belts, mostly made in China, gather to hone their techniques for dodging the police. At lunch-time Mr Ka is joined by a compatriot, Nav Gueye, who sits outside the shop selling hot Senegalese food to all comers for €5 ($6.50) a meal.

Once a week most Mourides in Rome gather to pray, socialise and see who needs help. Small groups may co-operate to hire a container and send home their purchases of consumer goods, which may then be resold in Dakar's Sandaga market, run by the Mourides. Through many different channels, money trickles back home. Firms that move money round the world have outlets all over Senegal. And there are simpler ways for migrants in Italy to help the family: call a Sandaga trader and he will advance cash to a needy relative.

Mourides are believed to make up around 40% of Senegal's population. But they form a majority among Senegal's diaspora, which is estimated to number at least 700,000. Mourides probably account for at least 80% of the Senegalese peddlers who throng Italy's open spaces. (France, the colonial power, has ceased to be the land of choice for Senegalese. For a decade it has been Italy. Now Spain is taking over; about 80 Senegalese drowned this month in a shipwreck en route to the Canaries.)

Many Mourides say they prefer peddling to more settled jobs. In part this reflects Bamba's call for self-reliance. In any case few seem to fall into serious crime. Once he has his papers and visas, a Mouride peddler is free to go home for months at a time. At the end of this year, thousands will return for a Muslim festival known in Africa as Tabaski. Many will stay for another festival, the Grand Magal, before heading back to Europe in spring.

One of the Mourides' strengths is the pyramid structure of their organisation. At the top is the caliph, a rank now held by the last surviving son of Bamba. Once he has pronounced on any big issue, all will fall into line. Under his leadership, Touba is growing at a phenomenal rate. Its population, a mere 2,000 or so in 1958, may now have reached 700,000. Alcohol and tobacco are banned in Touba, which enjoys autonomy within Senegal. A university is being built. Compared with some Muslim lands, the cultural climate is liberal. Women eschew trousers but none wears a face-veil and many do not cover their hair. Girls and boys go to school together. Appeals to the faithful to fund a new hospital or water system can bring in millions of euros; many Mourides are wealthy and generous. In Britain, El Hadji Diouf, a Senegalese footballer, is a donor to Mouride causes.

Tim Judah

**Touba: another city that looks**

The current caliph is 91. Part of his role as prince-cum-religious leader is to mediate between *marabouts*, including Bamba's many grandsons. In theory, he will be succeeded on his death by Bamba's oldest grandson. But there are rumblings in Touba: some say the brotherhood need not be dominated by the Mbacke clan for ever. In any case the matter should be resolved peacefully, given the Mouride emphasis on non-violence. “Blood

must not be spilled," says Atou Diagne, a Mouride scholar. Little known as they are, the Mourides might have a lot to teach the rest of the world— not only about how to respond to globalisation, but how to practise religion in a peaceful way.

**heavenward**

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UNESCO and its rivals

# Protecting precious places

Dec 19th 2006
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**Some healthy competition could be good for the UN's cultural agency**

FOR the city fathers of Kaiping in southern China—whose environs are dotted with amazing fortified mansions, mostly built in the early 20th century—the coming year could be a time to pop champagne corks. There is a similar nervous excitement at the Sydney Opera House, in the French city of Bordeaux and on the Greek island of Corfu.

All these places have been proposed for recognition as “world heritage sites” by UNESCO, the cultural arm of the United Nations. Almost any location—a building, an entire city or a slice of nature can be considered for this status, which implies world acknowledgment that it is important to humanity and worth looking after. For host governments and locals, recognition brings prestige, tourism and technical aid.

But there are already 830 such sites, and the currency will be debased if the number rises too fast. In theory, any government in the world can make up to two nominations—one a man-made site, the other a natural one—per year. In practice, new recognitions per year are held at an average of 20 to 25.

Even at that rate, there is a risk of overload. A modest 80 people work at the Paris office of UNESCO's World Heritage Centre; its annual budget is $9m. On the (perhaps generous) assumption that it makes sense for one agency to oversee the world's most important places, can those modest resources—however well managed—make any difference?

In practice, non-government funding helps out already. The Paris Centre receives another $20m-25m per year in what it calls extra-budgetary funds, to which the biggest private donor is the United Nations Foundation, set up by Ted Turner, an American tycoon. Then there are some private agencies that try to do the same job as UNESCO on a smaller scale. One is the New York-based World Monuments Fund, which shames the planet's vandals by listing sites threatened by neglect or conflict. (UNESCO also publishes lists of endangered sites, but denouncing bad behaviour by states will always be easier for a private body than for an inter-governmental agency.) Another aspiring mini-UNESCO is the California-based Global Heritage Fund, which has worked at historic sites to devise plans that allow for economic development as well as conservation. Without such a plan, a UNESCO listing risks leading to an unmanageable influx of tourists.

Francesco Bandarin, an Italian who runs the World Heritage Centre, says it is not jealous: it would like lots of imitators. Whatever 2007 brings for Corfu or China, it might be better still if more rich philanthropists took up the UN's challenge and gave it some competition.

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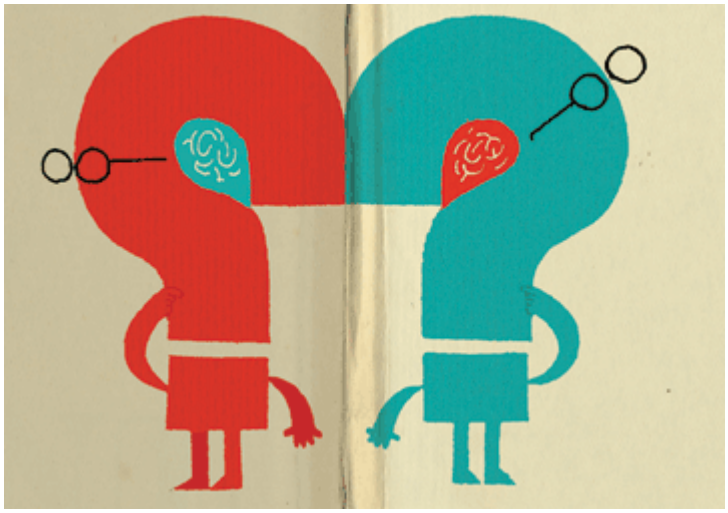
# Who do you think you are?

Dec 19th 2006
From The Economist print edition



**Modern neuroscience, says Geoffrey Carr, is groping towards the answer to the oldest question of all: who am I?**

ON SEPTEMBER 13th 1848 a navvy called Phineas Gage was helping to build a railway in Vermont. As gang foreman, he had the job of setting explosive charges to blast a path through the hills near a town called Cavendish. While he was tamping down one of the charges with an iron bar, it went off prematurely, driving the bar clean through his head.

Accidents on construction projects happen all the time. The reason that people remember Gage's is that he survived it. Or, rather, his body survived it. For the Gage that returned to work was not the Gage who had stuck the tamping rod into that explosive-filled hole. Before, he had been a sober, industrious individual, well respected and destined for success. Afterwards, he was a foul-mouthed drunkard, a drifter and a failure. His identity had been changed in a specific way by specific damage to a specific part of his brain.

Gage's accident was intriguing because it cast light on the question of dualism. This is the idea that although the mind—the self—inhabits the brain, it nevertheless has an existence of its own and thus should not be equated with the brain. The sudden change Gage underwent suggested that brain and mind are not independent. If the essence of individuality can be changed by a physical accident, it implies that the brain is a mechanism which generates the self, rather than merely an organ which houses it. This observation moves the question “who am I?” from the realm of philosophy into the realm of science.

Thirteen years after the incident in Cavendish, a French neurologist called Paul Broca systematised the study of how brain damage affects the mind with the discovery that certain sorts of speech defect are the result of damage to part of the brain called the left temporal lobe (see article for a refresher course on brain anatomy and function). Local brain damage of this sort is known to neurologists as a lesion. Studying it therefore became known as the lesion method.

Broca's new method was taken up quickly. All sorts of strange neurological symptoms are now explained by specific brain damage. For example, an inability to perceive movement (even though the individual can see stationary objects) results from damage to part of the temporal lobe, and an inability to recognise faces is caused by damage to the fusiform gyrus. No one now questions the idea that particular parts of the brain specialise in particular activities.

Broca's revolution, though, is incomplete. On the face of things, its discoveries might have meant the end

of dualism, but the world was not quite ready to embrace the mechanical explanation of self that the work of Broca and his successors implied. For much of the 20th century, a watered-down version of dualism based on the idea of the psyche prevailed. The distinction that psychiatry drew between neurological and psychiatric illness implied that there was a psyche (whisper not the word soul) that could somehow go wrong independently of physical symptoms in the brain.

When that idea was challenged by the effectiveness of physical drugs, such as antidepressants, in treating psychiatric illness, dualism returned in a different guise. Many people, most of whom would not regard themselves as dualists, think of the brain as being like a computer, and the mind as being like a piece of software that runs on that computer. But this analogy, too, is flawed. You do not have to do much damage to a computer to stop it being able to run programs. Yet as the case of Gage and numerous subsequent individuals has shown, the self can plod on, albeit changed, after quite radical brain damage.

## The self in action

Broca's heirs, though, now have a range of new techniques with which to investigate the question. The best-known is a way of scanning the brain called functional magnetic-resonance imaging (fMRI). What makes it so powerful is that it records activity as well as anatomy. It can, if you like to put it that way, see the self in action. All you need to do is put someone inside an fMRI machine, give them a task to do and see which bits of the brain light up.

Naturally, the revolution in neuroscience brought about by this new technology has its critics. They point out that big conclusions are often drawn from small samples, that the changes in activity observed by fMRI are indirect (the technique measures blood flow and oxygen consumption rather than the electrical activity of nerve cells) and that the resolution is poor (individual points in an fMRI picture represent two or three cubic millimetres of brain tissue, which means hundreds of thousands of nerve cells). All these criticisms are justified. But these are early days. In science, time tells. The good studies are repeated and make the textbooks. The bad ones cannot be replicated and vanish down the memory hole.

Modern neuroscience has taken many directions, and this survey will not attempt to look at all of them. Instead, it will concentrate on four areas that may shed light on individual identity: the study of the emotions; the nature of memory; the ways that brains interact with each other; and the vexed question of what, exactly, consciouness is.

Such science is very much work in progress. Indeed, it is science of a type that would have been familiar to Broca and his contemporaries, for in many cases the researchers have only the haziest idea of where they are going. In the 19th century, when scientists were feeling their way towards big concepts such as the laws of thermodynamics, electromagnetics and the periodic table without really knowing what they were looking for, that was normal. These days there seem to be fewer new big concepts around, and experiments are often conducted in the expectation of particular results. But neuroscience is one area where big concepts certainly remain to be discovered. And when they are, they are likely to upend humanity's understanding of itself.

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# Captain Kirk's revenge

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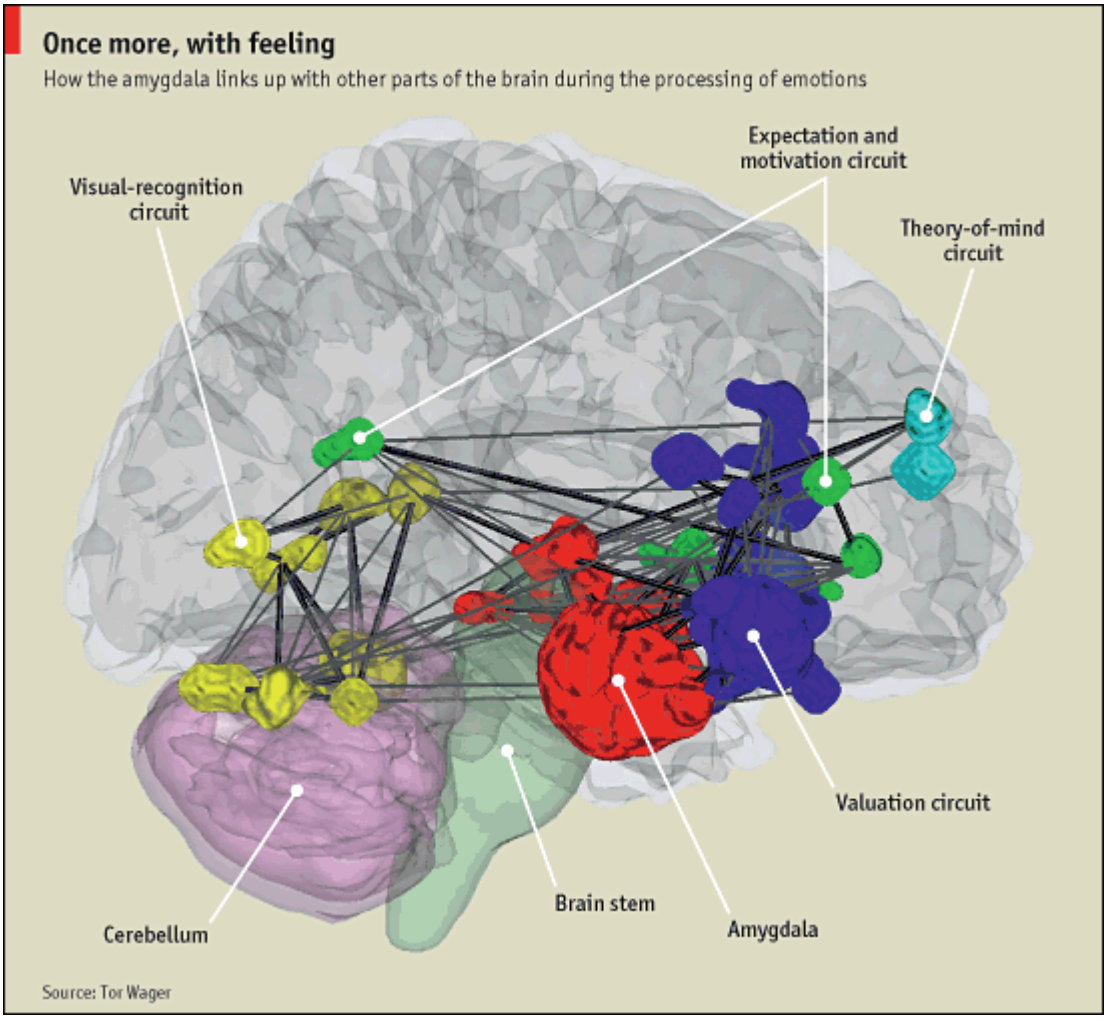
**Emotion is essential to human survival**

ONE neuroscientist who could not be accused of dealing in small samples is Tor Wager, of Columbia University in New York. Dr Wager studies emotions—or, rather, he studies other people's studies of emotion. He has gathered together every fMRI study of emotion that he can lay his hands on—a total of some 150—and performed what statisticians call a meta-analysis. The result, illustrated below, is as close as anyone has yet come to producing an emotional map of the brain.




The experience of emotion is one of the most fundamental parts of an individual's identity. Most neuroscientists now recognise six basic emotions: anger, disgust, fear, joy, sadness and surprise. Dr Wager's map is a neat illustration of how fMRI can be used to see the links between different parts of the brain that are involved in a single process.

That people like Dr Wager can now study emotion scientifically shows how far things have come. For much of the 20th century, psychology sought to purge itself of the sin of anthropomorphism—that is, inappropriately ascribing human motives and feelings to other species. The tradition known as behaviourism approached animals as “black boxes”. Behaviourists stimulated them in different ways and recorded what happened. They did not ask what the animals felt. That both stymied comparative studies of emotion and put out of the scientific arena the question of how emotion evolved. Meanwhile anthropology, in a parallel ideological fit caused by the abuses of the eugenics movement, sought to

expunge the idea that human behaviour had much in the way of a genetic underpinning. This was the infamous nature/nurture debate that lingers to this day.

Two people in particular came to the rescue: Paul Ekman and Joseph LeDoux. From the 1970s onwards, Dr Ekman, a psychologist at the University of California, San Francisco, challenged the anthropologists. He was responsible for the general agreement on the six basic emotions. He showed that the facial expressions associated with these emotions are universal, and therefore almost certainly plumbed in genetically.

In the 1980s Dr LeDoux, who is at New York University, challenged the behaviourists. Instead of rejecting anthropomorphism, he embraced it—though he did so carefully, noting the crucial importance of the word “inappropriately” in the ascription of human feelings to animals. He therefore studied fear, an emotion that no zoologist would doubt that mankind shares with other species, and used some of those other species to look inside the black box of the brain.

Now, as Dr Wager's ability to collect so many research papers suggests, studying emotion is all the rage. A glance at his map shows that many emotional pathways converge on two structures called the amygdalas. These are part of the limbic system, a collection of specialised structures in the middle of the brain, and it was Dr LeDoux who demonstrated their importance in a series of experiments carried out initally on rats. He used several techniques to confirm that the amygdalas are the most active part of the brain when the subject is afraid. He also produced fear by stimulating the neurons of the amygdalas with electricity. Subsequent work has shown that the amygdalas have the same role in people. Lose parts of them, as happens sometimes as a result of disease or surgery, and you may lose your ability to experience or recognise fear.

To start with, therefore, the amygdalas were thought of as the organs of fear. This, perhaps, is a good example of the sort of premature conclusion that critics worry about—because things turned out to be more complicated.

First, although the amygdalas do orchestrate fear, they seem to do so in the role of conductors as much as players. Certainly this emotional orchestra cannot play without the conductor, but the absence of the other instruments, whose functions are shown in Dr Wager's map, will also be noticed.

Second, the amygdalas also conduct other emotions. Since Dr LeDoux's pioneering work, further studies have linked anger, sadness and disgust with the amygdalas. They have also started to link other parts of the brain with particular emotions. Joy, for example, involves the amygdala's neighbour, the hypothalamus.

Genetics is starting to contribute to the study of emotion as well. The breakthrough came in 1993, with the discovery of a family (in the Netherlands, as it happened) that included an abnormally large number of violent criminals. The common factor in the criminal members of the family turned out to be the absence, due to a faulty gene, of an enzyme called monoamine oxidase A. This enzyme regulates a group of neurotransmitters that includes serotonin and dopamine. Serotonin- and dopamine-based neurons are both important for emotional responses.

At the time, the finding about monoamine oxidase A was widely reported as the discovery of “a gene for violence”. But violence is the expression of anger. Men without the gene were more easily angered. They had shorter fuses and were thus prone to spontaneous violent acts.

The Dutch study was followed up by one carried out in New Zealand by Terrie Moffitt, now of the Institute of Psychiatry in London. She took the nature/nurture question head on by demonstrating that the two interact, and in predictable ways. Again, the gene in question was the one for monoamine oxidase A. Like all genes, its activity is regulated by a DNA switch called a promoter. Monoamine-oxidase-A promoters come in two versions. Dr Moffitt found that a combination of one version and abuse during childhood really pushed people over the edge. The promoter alone, or abuse alone, resulted in some violent tendencies, but it was the mixture that made people really angry.

## Illogical, captain

Humans share the basic emotions identified by Dr Ekman's work with other mammals. That helps to make them easy to study. But there is also a range of what are referred to, for want of a better phrase, as higher emotions. These are feelings thought to be confined, if not to humans alone, then to a small

subset of large-brained mammals, several of whom are related to humans.

The list of higher emotions is not as well defined as that of the baser ones, but they include things such as guilt, embarrassment, shame and sympathy. What they have in common is that they depend not merely on what the person feeling them thinks about others, but on what the person feeling them thinks others are thinking about them. It is not the guilt or shame of the act itself, but the risk of being found out that provokes the emotion.

The evolution and function of these emotions is bound up with an area of research called theory of mind, to which this survey will return later. But, like basic emotions, the higher ones seem to have reliable neurological circuits whose location can be identified by fMRI.

Yoshiro Okubo, of Nippon Medical School in Japan, for example, has used fMRI to look at guilt and embarrassment. It is not easy to evoke such feelings in someone lying inside an MRI machine, but Dr Okubo thinks he has managed it. The results suggest that these emotions are handled in the medial prefrontal cortex (the middle of the front of the frontal lobe), the left posterior superior temporal sulcus (one of the furrows towards the side of the brain) and the visual cortex (towards the back of the brain).

It is surely no coincidence that much of the activity Dr Okubo found is in that characteristically human part of the brain, the enlarged cerebral cortex, rather than in the limbic system. And, as Dr Okubo points out, some of these areas are also associated with theory of mind.

The involvement of the frontal lobes is significant for another reason, though: it is the place where Phineas Gage took his hit. And that throws light on the question of what, exactly, emotions are for.

It is widely assumed that emotion and rationality are somehow opposed to each other, and that rational decisions are better than emotional ones. In fact, emotion and reason work closely together, as has been demonstrated by Antonio Damasio, the man who revived Gage's 19th-century fame in the 20th century.

Dr Damasio, who now works at the University of Southern California, is both a clinician and a researcher. He draws a parallel between Gage's case and those of some of his own patients. In particular, he has a patient called Elliot (in neuroscience, patients are often referred to by single names or initials to preserve their privacy) whose frontal lobe was damaged by a brain tumour. When the tumour was removed by surgeons, the damaged tissue was taken out too.

Like Gage, Elliot was a responsible individual with a good job (and in his case a family, too) before he suffered his brain damage. The outcome was somewhat different in that Elliot did not become a foul-mouthed wastrel; rather, he became obsessed with detail and stopped being able to make sensible decisions. The overall result was similar, though. He lost his job and his wife and ended up an outcast.

At first, Dr Damasio thought that Elliot's tumour had damaged his reason (both lesion studies and fMRI have shown that the frontal cortex is also the seat of the brain's reasoning powers). Tests, however, showed that what had gone instead were his emotions. Elliot no longer felt anything, and although he could summarise the choices available in a given situation as well as anyone else, without his emotions to guide him he could not actually make a choice. And, as probably happened with Gage, that loss of emotion also changed his self.

The survival value of things like fear, disgust and joy is obvious: run away from it; don't eat it; do more of it. But the idea that emotions shape all activity in adaptive ways is quite a subtle one. Rationality has its place. In the end, though, as fans of “Star Trek” will remember, it is Captain Kirk, the emotion-ridden human, not Mr Spock, the emotionless Vulcan, who has the nous to run the spaceship.

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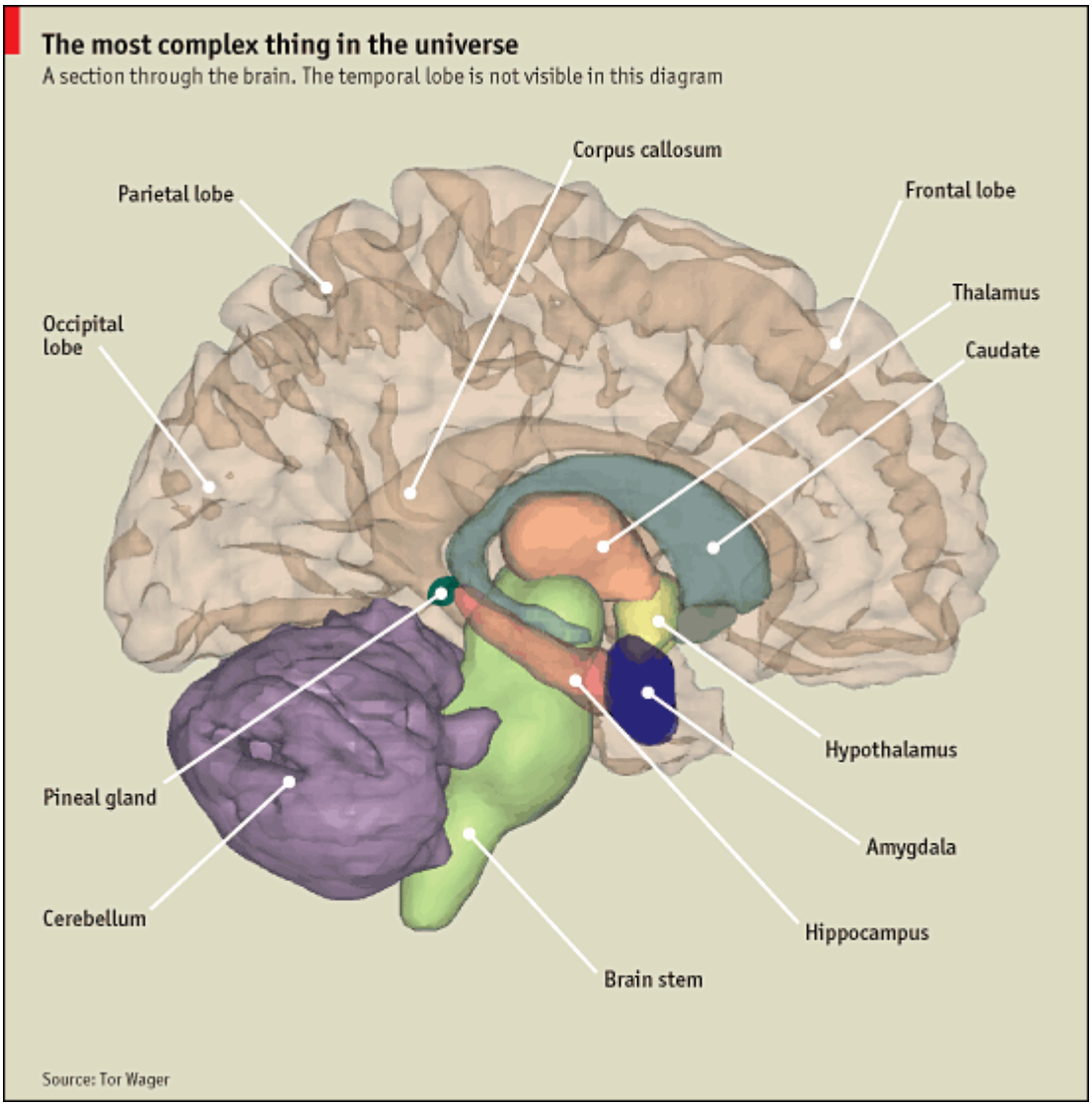
# Brainbox

Dec 19th 2006
From The Economist print edition

**A history and geography of the brain**




THE reason that people have brains is that they are worms. This is not a value judgment but a biological observation. Some animals, such as jellyfish and sea urchins, are radially symmetrical. Others are bilaterally symmetrical, which means they are long, thin and have heads.

Headless animals have no need for brains. But in those with a head the nerve cells responsible for it—and thus for sensing and feeding—tend to boss the others around. That still happens even when a long, thin animal evolves limbs and a skeleton. Bilateralism equals braininess.

A healthy human brain contains about 100 billion nerve cells. What makes nerve cells special is that they have long filamentary projections called axons and dendrites which carry information around in the form of electrical pulses. Dendrites carry signals into the cell. Axons carry signals to other cells. The junction between an axon and a dendrite is called a synapse.

Information is carried across synapses not by electrical pulses but by chemical messengers called neurotransmitters. One way of classifying nerve cells is by the neurotransmitters they employ. Workaday

nerve cells use molecules called glutamic acid and gamma aminobutyric acid. More specialised cells use dopamine, serotonin, acetylcholine and a variety of other molecules. Dopamine cells, for example, are involved in the brain's reward systems, generating feelings of pleasure.

Many brain drugs, both therapeutic and recreational, work either by mimicking neurotransmitters or altering their activity. Heroin mimics a group of molecules called endogenous opioids. Nicotine mimics acetylcholine. Prozac promotes the activity of serotonin. And cocaine boosts the effect of dopamine, which is one reason why it is so addictive.

Apart from specialised nerve cells, there is a lot of anatomical specialisation in the brain itself. Three large structures stand out: the cerebrum, the cerebellum and the brain stem. In addition, there is a cluster of smaller structures in the middle. These are loosely grouped into the limbic system and the basal ganglia, although not everyone agrees what is what.

Most brain structures, reflecting the bilateral nature of brainy organisms, are paired. In particular, the cerebrum is divided into two hemispheres whose only direct connection is through three bundles of nerves, the most important of which is called the corpus callosum. (Many parts of the brain have obscure Latin names.)

This anatomical division of the brain reflects its evolutionary history. The brains of reptiles correspond more or less to the structures known in mammals as the brain stem and the cerebellum. In mammals, the brain stem is specialised for keeping the heart and lungs working. The cerebellum is for movement, posture and learning processes associated with these two things. It is the limbic system, basal ganglia and cerebrum that do the interesting stuff that distinguishes mammalian brains from those of their reptilian ancestors.

## Soul-searching

The limbic system is itself divided. Some of the main parts are the hippocampus, the amygdala, the thalamus and the hypothalamus. The largest of the basal ganglia is the caudate. The pineal gland, which lies behind the limbic system, is the only brain structure that does not come in pairs. The 17th-century French philosopher René Descartes thought it was the seat of the human soul.

Descartes, however, was wrong. It is in fact the cerebrum's outer layer, the cerebral cortex, that is man's true distinguishing feature. The cerebral cortex forms 80% of the mass of a human brain, compared with 30% of a rat's. It is divided into lobes, four on each side. The rearmost one, called the occipital, handles vision. Then come the parietal and temporal lobes, which deal with the other senses and with movement. At the front, as you would expect, is the frontal lobe.

This is humanity's “killer app”, containing many of the cognitive functions associated with human-ness (although that most characteristic human function, language, is located in the temporal and parietal lobes, and only on one side, usually the left). Man's huge frontal lobes are the reason for the species' peculiarly shaped head. No wonder that in English-speaking countries the brainiest of the species are known as “highbrow”.

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# Dreamweavers

Dec 19th 2006
From The Economist print edition

**The perfect memory is of everything and nothing**

EVER since the unfortunate case of H.M., the subject of a lesion study second in fame only to that of Phineas Gage, neuroscientists have known that what the amygdala is to emotion, the hippocampus is to memory: if it is not the whole orchestra, then it is certainly the conductor.

H.M. lost the ability to form new memories when both of his hippocampuses were destroyed by radical surgery in the 1950s, and though he is now an old man, he still thinks of himself as the twenty-something who went into the operating theatre. He is palpably shocked whenever he sees himself in a mirror.

Memory is central to the question “who am I?” It is where the research is at its most nitty-gritty, with studies of the biochemistry of synapses and the action of individual genes, but also at its most esoteric, looking seriously at the function of dreams. It is, too, where cognitive neuroscience meets the videogames industry.

A few years ago Eleanor Maguire, of the Institute of Neurology in London, realised that her city has a resource available in no other large centre of population: taxi drivers who actually know where they are going. To become a London cabbie, you have to learn what is called the Knowledge: the location of every street within a 10km (six-mile) radius of the centre. This takes years of part-time study. If you fail the exam, you do not get a licence.

Dr Maguire and her colleagues used structural MRI (which predates fMRI, providing a static picture of anatomy) to study the hippocampuses of cabbies. They found that the shape of their subjects' hippocampuses varied with experience. As the Knowledge became consolidated, the back of the hippocampus seemed to grow while the front shrank.

With that result in their pocket, they have turned to videogames. One of the limitations of fMRI is that the scanners are heavy and unportable. But Dr Maguire wants to see what is going on in her taxi drivers' brains while they are using the Knowledge at work. So if the machine cannot travel around London, London has to travel round the machine. She makes this happen by employing a Sony videogame called “The Getaway” that can produce accurate representations of 110km (about 70 miles) of central London's roads. She uses it to project a lifelike image of driving round London onto a mirror visible from inside the machine. By this method, she is now studying how the hippocampus draws on other parts of the brain as her taxi drivers apply their Knowledge.

## Knowledge or certainty?

Most researchers agree that long-term memory (as opposed to the short-term sort that can hold on to a telephone number long enough to dial it) comes in two varieties. One, known variously as explicit or declarative memory, records the salient details of an individual's life. For a taxi driver, the Knowledge is very salient. This form of memory involves the hippocampus. The other variety, implicit or procedural memory, involves the cerebellum and the basal ganglia. You may remember the anguish of individual violin lessons vividly via your hippocampus, but the finger movements required to play the instrument will be stored in your cerebellum. Even H.M. retains the ability to form new procedural memories, but his explicit memory has not grown since the time of his surgery.

To complicate matters further, there are two types of explicit memory. One, known as autobiographical or episodic memory, records the experiences themselves. The other, known as semantic memory, tries to generalise from these experiences. And there is evidence, to which Dr Maguire is trying to add, that the former is stored in the hippocampus whereas the latter is consolidated in the cerebral cortex.

One of the researchers trying to tease out the distinction between the two is Matthew Wilson, of the Picower Institute for Learning and Memory in Cambridge, Massachusetts. The Picower is one of several foundation-funded brain-research institutes that have sprung up in America over the past few years. (Jeffry Picower is a financier of biotechnology firms.)

Memory, as Dr Wilson observes, is like everything else in biology. It has evolved to serve a purpose and is honed for that purpose, which in this case is to react appropriately to the stimuli an animal meets in the environment by drawing on the experience of previous encounters. That is emphatically not the same as having a perfect memory for each of those encounters. Instead, memory should generalise from similar experiences and disregard the individual details. In other words, as time passes it should become more semantic and less autobiographical.

And indeed that is most people's everyday experience. The elderly are notorious for remembering every detail of their childhood but being unable to recall what they did last week. Such inability to remember details is often regarded as a failing, whereas so-called eidetic memory (or photographic memory, its more common name) is often admired by outsiders.

In Dr Wilson's view this perception is probably wrong. Indeed, an ideal memory would react like a behaviourist's black box. It would have generalised from experience to such an extent that individual events no longer need to be remembered at all; merely the appropriate response to the situation. So the fact that the elderly, who already have vast experience to draw on, do not waste precious storage capacity on adding things that will not aid their survival could well be the result of evolutionary adaptation rather than an indication of waning powers.

Dr Wilson studies memory formation by looking at rats. More specifically, he looks at rats dreaming—and day-dreaming—about what they have been up to. A connection between sleep, dreaming and the establishment of long-term memories has been known about for a while. Several years ago, he began recording the pattern of electrical activity in an animal's hippocampus as it learnt something about the environment, such as how to run round a particular maze, and showed that these patterns are recapitulated during what is known as rapid-eye-movement sleep, which in humans is the time for dreaming. This recapitulation seems to be crucial to memory formation.

He is now extending this work. He has shown that rats replay their experiences in their hippocampuses even when they are just resting, although, intriguingly, the pattern of electrical signals runs backwards at this time.

## Learn in your sleep

Even more significantly, if electrodes are attached to neurons in the cortex that are connected to the hippocampus, part of the same pattern is seen there as well. However, there are differences between what is going on in the two places. When a rat is running a particular maze, the electrical pattern produced in the hippocampus is specific to that maze. Such patterns, though, share general features (similar corners in different mazes, for example, yield similar signals), and it is these general features that show up in the cortex. Dr Wilson interprets this as evidence of generalisation into semantic memory.

The recapitulation of experience in the form of neuronal firing patterns appears to be responsible for changing the pattern of synapses between nerve cells in ways that engrain particular memories by changing the way that information flows through the neuronal network. Dr Wilson's work does not explain exactly how those synaptic changes happen. But Elly Nedivi, one of his colleagues at the Picower, is one of those looking into the matter.

That long-term memory is encoded, at least in part, by changes in the strength of the synapses between nerve cells has been known since the pioneering work done by Eric Kandel of Columbia University in the 1960s and 1970s. Admittedly, Dr Kandel worked on a species of sea slug (an animal he chose because its

neurons are easy to see and map), and at the time many of his contemporaries wondered whether the findings would hold true for more complex animals. But they did, and Dr Kandel's discovery of permanent changes in the strength and number of connections between neurons has become a cornerstone of the theory of memory.

Now, with the catalogues of genes provided by the Human Genome Project and its animal equivalents, it is possible to work out which genes are involved in these changes, and try to find out what they do. So far Dr Nedivi and her team have identified more than 360 genes that are unusually active in nerve cells during memory formation. They do this by looking for messenger molecules copied from genes in the nucleus and sent out to the protein-making apparatus in the cell body to tell it what to make. (It is these proteins that do the actual work in cells.) If particular messengers accumulate at synapses involved in memory, or seem to be associated with the growth of new axons and dendrites, that is a good indication that the proteins encoded by those messengers—and thus by the genes that generated them—have some role in the process.

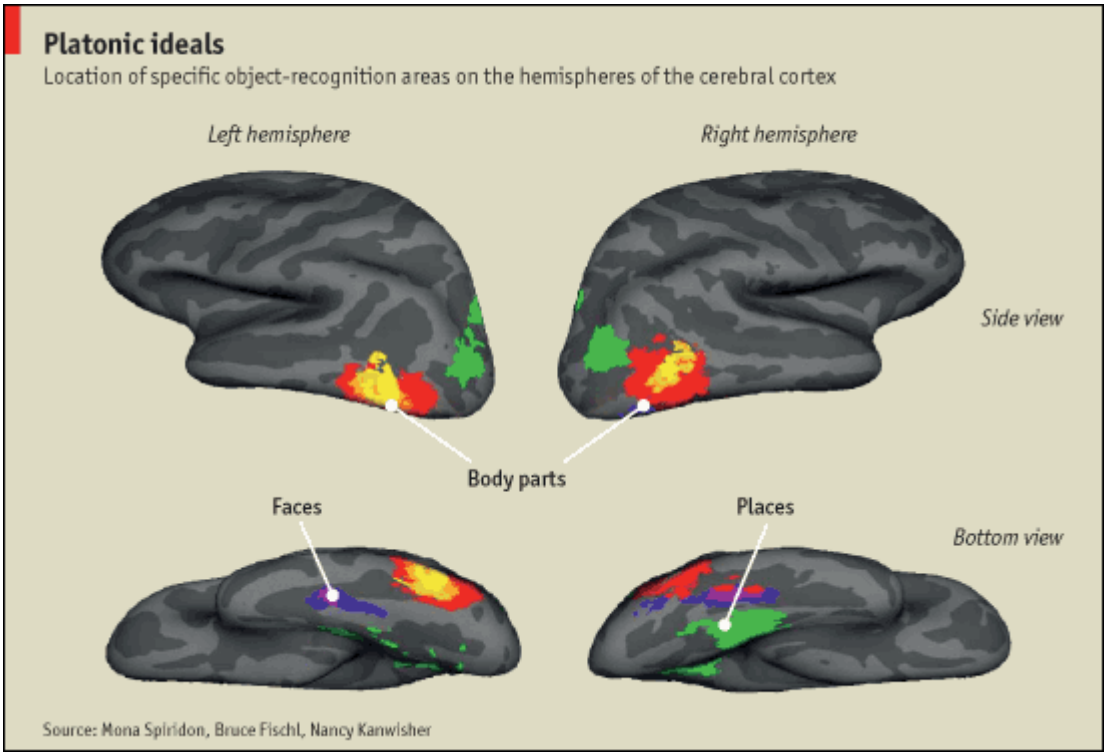
The next stage is to find out what that role is. Using a fancy piece of genetic technology that can slice any given gene out of the nucleus and eliminate it, Dr Nedivi is doing what are, in effect, nano-lesion studies, starting with a gene that seems to be involved in making dendrites grow (dendrite growth failure is a cause of several forms of mental retardation). Her hope is that each gene's precise role can be worked out by seeing what happens in its absence.

## Plato's cave

Working at the other end of the neurological scale—and across a large atrium from the Picower Institute—is Nancy Kanwisher of the McGovern Institute for Brain Research. Like the Picower, the McGovern is a privately supported autonomous satrapy of the Massachusetts Institute of Technology (Pat and Lore McGovern are entrepreneurs who made their money, respectively, in publishing and in computing). Here, Dr Kanwisher uses fMRI to look at where, exactly, in the brain various things are recognised.

Dr Kanwisher's discoveries go some way towards addressing the question of Platonic ideals—in other words, what is the essential property that makes an object, say, a table rather than a pile of firewood. What she has found is that certain pieces of cortex are able to extract these essential properties and thus react very strongly to particular sorts of objects. There is, for instance, the fusiform face area, which responds strongly (and only) to faces. The extrastriate body area responds similarly to images of human bodies or body parts. And the parahippocampal place area responds to images of places.

This specialisation makes sense. Faces, body parts and places are all important categories of natural object. Dr Kanwisher's latest discovery, though, is particularly intriguing. It is that there is also at least one area that handles a specific category of artificial object: written words. It, too, is always in the same place (a part of the cortex called the left fusiform gyrus). Somehow, all healthy developing brains not only work out that written words are a category to which it is worth allocating its own piece of neural anatomy, but find it easiest to accommodate that category in the same piece of wetware.




That could not have evolved specifically. Writing is probably too recent for natural selection to have done its work, and mass literacy certainly too recent. Understanding how such circuitry forms would yield an important insight into the logic of the mind. It might also indicate that the other specialised areas found by Dr Kanwisher are the result of developmental processes rather than evolutionary hard-wiring.

At the moment, it is hard to understand how the different circuits of neurons in the brain relate to one another. But Susumu Tonegawa, the head of the Picower, thinks he may be able to get closer to the answer by using gene elimination of the sort employed by Dr Nedivi to manipulate the circuitry of the whole brain. The tool that will allow him to do this is a project called the Allen brain map. It is named after Paul Allen, Bill Gates's partner in the founding of Microsoft. Mr Allen is even richer than Mr Picower and Mr and Mrs McGovern, and he, too, has paid for his own institute, which is based in Seattle.

Initially, the Allen Institute for Brain Science had but a single mission, which it completed in September. This was to create and publish a map of where in the brain particular genes are active, so that other researchers could use it in the knowledge that it was complete. Admittedly the brain in question is a mouse brain. But the genes of mice and men correspond closely, as does much of their neuro-anatomy, and Dr Tonegawa is not proposing to carry out his experiments on people. He does, however, plan to put the map to use in a rather clever way.

Many genes are actually switches that control the activity of other genes. By identifying particular switches that are active in only one part of the brain, he can co-opt those switches into activating his gene eliminator. Thus particular genes can be eliminated from one place without affecting others. That means he can shut down individual nervous pathways in the brain without affecting the others.

This technique, which he has only just begun to use, will take the lesion method to a new level of refinement. Although anatomists can trace connections between various parts of the brain by following the axons, finding our what the connections are actually for is much harder. If Dr Tonegawa's technique works, such discoveries will be easier to make. The workings of the whole of the brain, not just the parts concerned with memory, will be laid bare.

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# As others see us

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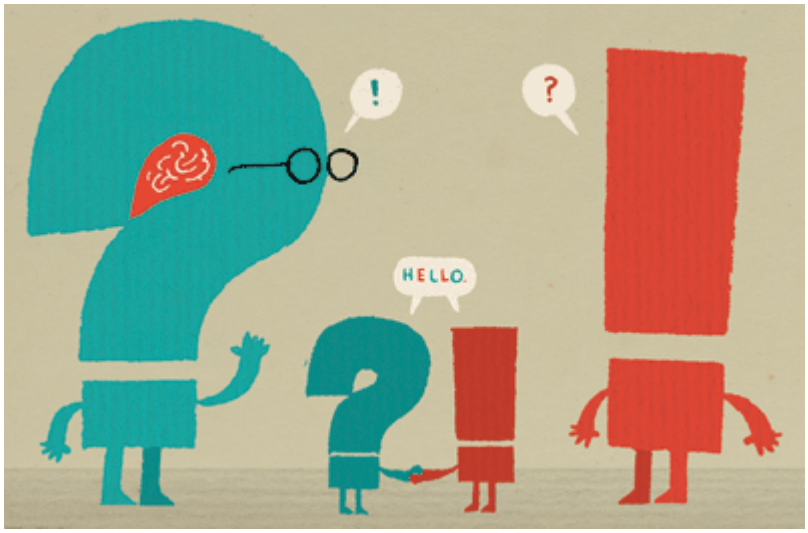



## Dealing with people changes our minds

IN COUNTRIES where physical torture is illegal, the cruellest punishment that can be inflicted on an individual is solitary confinement. The “I” that exists by itself will surely go mad. Indeed, many students of the field think the evolutionary pressure that drove the enlargement of the human brain was not a need to survive in the natural environment but a need to negotiate the social one. The most obvious human attribute is language, and that is meaningless if there is no one to talk to. Less obvious, but just as important, is the ability to think oneself into the mind of another—in other words, to have a theory of mind. It is a combination of language and theory of mind that makes human society possible.

In science, as in other fields of endeavour, it helps to have a good slogan. “The language instinct”, coined by Steven Pinker, of Harvard University, is an excellent way of describing human powers of communication. But although Dr Pinker came up with the label, the idea of such an instinct was originally dreamed up by Noam Chomsky, who referred to it as “deep, universal grammar”. Ambitious claims about language have been made for other species, from parrots to dolphins to chimpanzees. None of these, however, has been shown to engage in the complexity of communication that people do.

Though Dr Pinker and Dr Chomsky disagree about the details—in particular on how the instinct evolved—there is a lot of behavioural evidence that the basic idea is right. The speed with which children learn the rules of speech is one piece of that evidence. It is hard to see how this could happen if what babies hear is not being plugged into some pre-programmed circuitry. Oddly, the difficulty of teaching the rules of writing is another piece of evidence. Writing is an artefact. Written language is no more complex than the spoken variety, but it is a recent invention and has not co-evolved with the language instinct. Children therefore struggle to master it. Perhaps the most persuasive behavioural evidence, though, is the way that the children of migrants in mixed-language communities (for example, sugar-producing islands in which slaves spoke different languages from each other and from their masters) are able to make up their own fully functional languages, known as creoles, in a single generation.

Besides the behavioural evidence, the mere existence of Broca's area, which governs speech production, and the speech-recognition area discovered a few years later by Carl Wernicke, points powerfully to the idea that a language instinct is hard-wired in by genetics. This is an area where fMRI has built convincingly on the original lesion studies. It has provided evidence that different parts of speech are dealt with by different parts of Broca's and Wernicke's areas. Not only are nouns and verbs processed in separate locations, but different types of noun may have their own areas, rather in the way that Dr Kanwisher's visual categories do. Such specialised locations have been claimed for categories such as

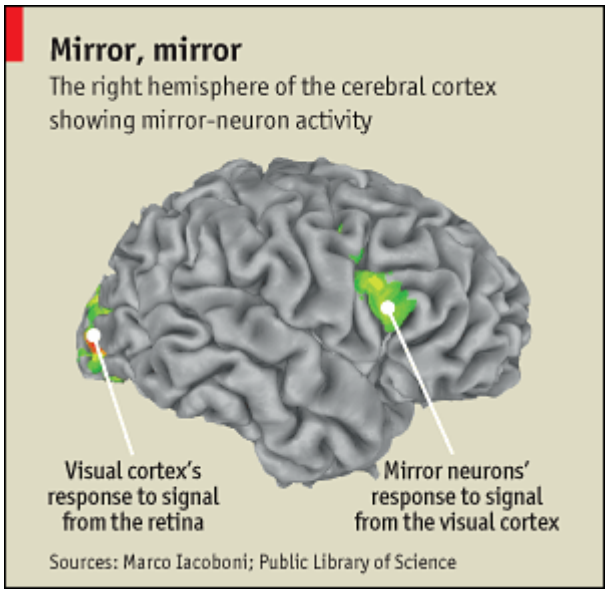
animals and tools.

Nor is language processing merely a matter of decrypting and encrypting sound. Deaf people who communicate using sign languages (which have all the grammatical and syntactic features of spoken language) also do their processing in Broca's and Wernicke's areas. If they suffer damage to these areas, it shows up in exactly the same way that it does in those who can hear.

Taking the evidence in total, therefore, it seems likely that the Chomsky/Pinker theory is substantially correct. People have a specialised language instinct. The question is, why?

## The Machiavellian mind

It is here that theory of mind—the ability not only to hypothesise what other minds are thinking, but to hypothesise what they are thinking about what you are thinking—enters the explanation. The evolutionary value of this is that people can anticipate the actions of others in a way that helps them. But with language, they can not only anticipate the actions of others, they can try to manipulate them. This idea was dubbed “the Machiavellian mind” by two of its originators, Andrew Whiten and Richard Byrne of St Andrews University in Scotland.


Mirror, mirror
The right hemisphere of the cerebral cortex showing mirror-neuron activity
Visual cortex's response to signal from the retina
Mirror neurons' response to signal from the visual cortex
Sources: Marco Iacoboni; Public Library of Science

One of the most intriguing ideas about theory of mind comes from another sort of lesion study, an examination of the puzzling condition known as autism. People with autism find it hard to relate to their fellow human beings. Sometimes the condition is part of a wider range of problems, including low intelligence. But many people have autism pure and simple. Their intelligence is normal—indeed, it is often significantly above average—but their social relations are peculiar.

Simon Baron-Cohen, of Cambridge University, and Uta Frith, of University College London, think that autism results when an individual fails to develop a proper theory of mind. (Dr Baron-Cohen believes it is also an extreme manifestation of a general male tendency to be less “empathic” than females are.) All well and good, but modern neuroscience demands a mechanism. If one could be found, it might illuminate the way that theory of mind evolved in the first place.

Vilayanur Ramachandran, a researcher at the University of California, San Diego, thinks he may have found that mechanism: a failure of what are known as mirror neurons. A mirror neuron is one that is active both during the execution of a particular action or the production of a feeling by the individual concerned, and also when that individual observes the same action or feeling in another individual. In other words, it mirrors the actions and thoughts of others.

The first mirror neurons discovered (in the brains of monkeys) were concerned with predicting movement. However, mirrors of emotion have now been found as well, and it is these that interest Dr Ramachandran. He and his group showed, by looking at electrical signals, that the mirror-neuron system does not work properly in autistic children. The absence of relevant mirror neurons, he suggests, means the absence of theory of mind. For example, many autistic people have to learn the meaning of facial

expressions by rote so that they can react appropriately.

That work has been followed up by Marco Iacoboni, of the University of California, Los Angeles, using fMRI. Dr Iacoboni discovered that the mirror neurons involved in grasping the intentions of others are in part of the right hemisphere that corresponds to Broca's area in the left hemisphere, and both also correspond with mirror-neuron sites in monkeys. Though no one has yet proved the case, it looks as though the evolution of language and the evolution of theory of mind might not only be two sides of the same coin, but might actually be different specialisations of the same basic structure.

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# I think, therefore I am, I think

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**Consciousness awaits its Einstein**

IN A building that looks, from the outside, like the villain's lair in an early James Bond film, a robot moves around. Called Darwin XI, it is the brainchild of Gerald Edelman. The building is the Neurosciences Institute in San Diego, California, and Dr Edelman is one of an eclectic group of researchers—some of them neurologists and some philosophers—who are trying to explain what is, perhaps, the biggest mystery of the human brain: the nature of consciousness. His approach is to build machines run by computer programs that work the way he thinks that brains work, and then see what happens.

Consciousness is the core of an individual's sense of self, yet, paradoxically, it is the most elusive concept in biology. Even framing the questions is difficult. Broadly, though, researchers have taken three approaches. One is the experimental method embraced by Dr Edelman. A second is to look for consciousness directly in the brain. The third is merely to sit and think about the question. Though empirical scientists sometimes scoff at it, this third method is not to be despised. After all, it was by sitting and thinking about some paradoxical results in physics that Albert Einstein was able to break out of the mental mould of classical physics and invent the non-commonsensical but scientifically successful theory of relativity.

Dr Edelman refers to his theory of consciousness as neural Darwinism. It combines two ideas. The first, as he charmingly puts it, is that “neurons which fire together, wire together.” This process of mutual reinforcement provides the selective pressure that is the prerequisite for any Darwinian-based theory: to those neuronal networks that have shall be given, from those that have not, even what little they have shall be taken away. The resulting changes are the physical basis of learning.

The second part of Dr Edelman's theory is an idea he calls re-entrant mapping. The process of learning can be viewed as one by which reality (as perceived by the senses) is transformed into a representation of reality. Mathematically, this transformation is described as mapping. In Dr Edelman's model of the brain, however, there is a second process: the maps themselves are mapped by other groups of neurons. It is this phenomenon of different groups of neurons watching each other that he refers to as re-entrant mapping.

Whether neural Darwinism is truly a theory of consciousness is moot. It may not, for example, fully account for the feeling of actually experiencing things such as emotions that most people would think central to conscious experience. (Philosophers refer to such consciously experienced feelings as qualia.) As a theory of how brains work, though, it seems to have a lot going for it, for Dr Edelman has used it to construct a series of ever more complex robots that behave, in many ways, like animals. The latest, Darwin XI, has a range of senses: vision, hearing, touch and what Dr Edelman refers to as taste (but which is actually sensitivity to the electrical conductivity of what its “taste” organs are in contact with). It also has whiskers.

Darwin XI can do a lot. It can, for example, learn to navigate mazes in search of rewards, in the way that

a laboratory rat does. It can develop preferences, thanks to a pleasure centre that generates what Dr Edelmann calls good taste in response to those rewards. And it can forget those preferences if they are no longer rewarding.

Other robots are able to perform similar tricks, but they have to be trained specifically to do so. The computer that runs Darwin XI can work things out for itself. It is loaded with virtual neurons, the initial strength of whose synapses with one another is allocated by a random number generator, and left to get on with things. It does have a bit of pre-ordained neuro-anatomy (in particular, it has been fitted with the equivalent of a hippocampus) but, like the local specialisation in a real cortex observed by people like Dr Kanwisher, most of the specialisation in Darwin XI simply emerges. This happens through the formation of specialised groups of neurons that resemble the specialised locations seen in real brains. The researchers know this because they can track changes in the way the virtual neurons connect to each other.

So is Darwin XI conscious? Well, it cannot speak, so no one can ask it. But the answer probably depends on whether you think a rat is conscious. That illustrates a big part of the problem of consciousness: no one can agree on who has it, let alone what it is. In fact, the questions are linked. There is a general feeling that what is special about humans is to do not with their being clever, but their being conscious in a different way from most other animals.

## The inward eye

One feature of human consciousness that students of the field suggest might be unique is an awareness of self. The idea that self-awareness might be specific to humans and a few close relatives resulted from an experiment done three decades ago by Gordon Gallup, who now works at the University of Albany in New York state. This showed that chimpanzees (and, as subsequently emerged, other great apes) share with humans the ability to recognise themselves in a mirror, whereas monkeys and various other reasonably intelligent species, such as dogs, do not. A few species that are not apes have also passed the mirror test, including elephants and dolphins. But most animals fail it.

All the species that have passed have something in common: abnormally large cerebral cortices relative to the rest of their brains. Whether self-awareness simply emerges from a large cortex or whether selection for it necessarily results in one is unclear. Perhaps it is both. What is interesting about Dr Edelman's theory is that awareness of self is built into it. That, in essence, is what re-entrant mapping is.

Such self-awareness is not, however, indivisible. One treatment for serious epilepsy is to cut the corpus callosum and the other nervous connections between the two hemispheres of the brain, which stops the fit passing from one hemisphere to the other. This does not usually affect a person's everyday behaviour, but sometimes the two hemispheres have completely different personalities, and where that happens the individual's behaviour does change—indeed, he ceases to be an individual as the hemispheres fight for control of the body. The conflict often manifests itself in the person's hands, each controlled by a different hemisphere, trying to do opposing things. One hand may try to put on a piece of clothing, for example, while the other tries to remove it.

## Tales of mystery and imagination

At first sight such cases seem extraordinary. But they are merely striking illustrations of a broader point: that in the brain nothing is ever quite what it seems, and experience and common sense are little use when formulating theories about the self. Two of the lesion studies mentioned in the introduction to this survey, dealing with the inability to perceive motion and recognise faces, arise from the fact that visual experience, which for those who can see is the dominant form of conscious experience, is a complete fabrication. What is consciously perceived is not a simple mapping of the images that fall on the retina. Instead, the signals from the optic nerves are deconstructed and re-formed in a process so demanding that it involves about a third of the cerebral cortex.

Even those with healthy brains get a hint of this in the form of optical illusions. These are patterns that the image-reconstruction process finds it confusing to deal with. An even more obvious discord between reality and perception is colour. The world is not really coloured, it just looks that way because it is tremendously useful that it should, so the retina has cells

that are particularly sensitive to three different wavelengths of light, and the brain weaves the signals from them together to create the phenomenon called colour.

Colours are good examples of qualia—the things that people feel that they are experiencing. Much of the philosophical side of the study of consciousness seeks either to explain qualia or to explain them away. They are, for example, at the heart of the question of dualism. For it is hard to ask what is generating them and what is perceiving them without concluding that the processes are separate.

Daniel Dennett, a doyen among philosophers of consciousness, disparagingly refers to the putative “observing self” in this scenario as a homunculus. He calls the mental stage on which the qualia supposedly act out their play the Cartesian theatre, after Descartes, the philosopher who thought the soul resided in the pineal gland. And he points out that exactly the same problem applies to how the homunculus would perceive its own qualia. Turn the theatre into a cinema, though, and Antonio Damasio quite likes the analogy. His twist is to place the observing self in the film itself, rather than in the audience. That is not a particularly easy idea to grasp, but it does seem to bear some relationship to Dr Edelman's idea of re-entrant mapping.

That something in the brain really is performing the role of an observing self is suggested by the work of Benjamin Libet at the University of California, San Francisco. Dr Libet used electroencephalography to look at brain activity during the process of making simple decisions such as when to move a finger. He showed that the process which leads to the act starts about three-tenths of a second before an individual is consciously aware of it. In other words, the observer is just that: an observer, not a decider. This may explain the feeling that most people have experienced at one time or another of having deliberately done something that they had not actually wanted or intended to.

Though Dr Libet's experiment is almost laughably simple, it pokes a stick in a very deep pond. A feeling of freedom to make conscious choices is at the heart of most people's sense of themselves. Even Freud, who popularised the idea of the unconscious, believed that conscious free-willed thought could override unconscious desires. One way of interpreting Dr Libet's work, though, could be that such free will is, like colour vision, simply a powerful illusion. An actor in a film, perhaps. But an actor reading from somebody else's script.

The truth, unsatisfactory though it is, is that no one really knows. Nor does anyone know where the next breakthrough will come from. Perhaps Dr Edelman, or one of his successors, will build a robot that can describe its own qualia-like experiences. Perhaps neuroanatomy will throw up a surprising, crucial observation. Or perhaps a bored, unregarded clerk will come to the rescue with an insight that dominates 21st-century thinking in the way that relativity dominated the 20th.

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Computing

# Work-life balance

Dec 19th 2006 | SAN FRANCISCO
From The Economist print edition

**Consumer technologies are invading corporate computing**

IN OCTOBER, shortly after taking over as head of information technology (IT) at Arizona State University, Adrian Sannier gave the nod to his contact at Google, the internet giant known for its search engine, and with one flick of the proverbial switch 65,000 students had new e-mail accounts. Unlike the university's old system, which stores e-mails on its own server computers, the new accounts reside on Gmail, Google's free web-based service. Mr Sannier is not forcing anybody to change but has found that the students, many of whom were already using Gmail for their private e-mail, have been voluntarily migrating to the new service at a rate of 300 an hour. Crucially, they can take their “asu.edu” e-mail addresses with them.

The service, part of a bundle called “Google Apps for Your Domain” that also includes instant messaging (IM) and a web-based calendar, has not even been officially launched yet. It began running in a test (or “beta”) form in August. But Dave Girouard, the boss of Google's small but growing enterprise division, says that “tens of thousands” of organisations have already signed up to use Google's web-based tools in place of traditional in-house e-mail systems and other software.

Using Google's services has several advantages for companies. Most employees already know how to use web-based software, and thus do not need training. They can access the services through any web browser, regardless of what kind of computer (or telephone) they use. Like the consumer service, the corporate product is free. (Mr Sannier pays for support—“less than $10,000”—but most organisations do not.) And in-house IT staff need do absolutely nothing, since the data and software reside on Google's server computers.

For Mr Sannier, however, a bigger reason than money for switching from traditional software to web-based alternatives has to do with the pace and trajectory of technological change. Using the new Google service, for instance, students can share calendars, which they could not easily do before. Soon Google will integrate its online word processor and spreadsheet software into the service, so that students and teachers can share coursework. Eventually, Google may add blogs and wikis—it has bought firms with these technologies. Mr Sannier says it is “absolutely inconceivable” that he and his staff could roll out improvements at this speed in the traditional way—by buying software and installing it on the university's own computers.

In the past, innovation was driven by the military or corporate markets. But now the consumer market, with its vast economies of scale and appetite for novelty, leads the way. Compared with the staid

corporate-software industry, using these services is like “receiving technology from an advanced civilisation”, says Mr Sannier. He is now looking at other consumer technologies for ideas. He is already using Apple's iTunes, a popular online-music service, to store the university's podcasts.

Mr Sannier is ahead of his time because most IT bosses, especially at large organisations, tend to be sceptical of consumer technologies and often ban them outright. Employees, in return, tend to ignore their IT departments. Many young people, for instance, use services such as Skype to send instant messages or make free calls while in the office. FaceTime, a Californian firm that specialises in making such consumer applications safe for companies, found in a recent survey that more than half of employees in their 20s and 30s admitted to installing such software over the objections of IT staff.

## Executive toys

Consumer technologies such as IM usually make employees more productive, says Kailash Ambwani, FaceTime's boss, so IT bosses should concentrate not on stopping them but on making them secure. In the case of IM and some kinds of file-sharing, the risks are that viruses or spyware could come into the corporate network from the outside, or that employees could ship vital information outward.

With Google Apps for Your Domain and other software services that are accessed through a web browser, the security issues are more subtle. Since the software and the data reside on the service provider's machines, the danger is of losing control of sensitive data, which is now in somebody else's hands. Most IT bosses find this scary. Not so Mr Sannier. He remembers a picture that Google showed him of one of its data centres burning to the ground; it looked awful. The point, however, was that no users of Google services anywhere even noticed, because Google's systems are built to be so robust that even the loss of an entire data centre does not compromise anybody's data.

“I have a staff of about 30 people dedicated to security,” says Mr Sannier. “Google has an army; all of their business fails if they are unable to preserve security and privacy.” Google's Mr Girouard says a similar evolution in trust occurred when people reluctantly accepted that their money was safer in a bank than under a mattress.

This trend could cause problems for traditional software firms such as Microsoft, Oracle and SAP. Already, start-ups such as Salesforce.com and NetSuite provide “software as a service”, supplying sales-force automation, accounting, payroll and other features via the web. (Marc Benioff, the founder of Salesforce.com, had the idea for his firm while browsing on Amazon's online store one day. Why, he wondered, could business software not be delivered the same way?) Other firms, including Google, provide web-based e-mail, word processing, spreadsheets and databases.

Big companies will probably keep “mission critical” systems in-house. But as everything else migrates to web-based services, software will increasingly resemble the web technologies of the consumer market, says Mr Benioff. Those enterprise firms, such as his own, that follow the lead of consumer-oriented websites will do well in this environment, he argues.

Security concerns, Mr Benioff implies with a wink, are red herrings thrown by ageing IT bosses trying to justify their salaries. They will, after all, be out of a job if companies no longer maintain their own big data centres. Mr Sannier agrees. The old IT bosses “can't possibly embrace this idea unless they're getting ready to retire,” as his own predecessor did after decades in the job. But at 45, Mr Sannier believes the trend is inevitable, and his job requires him to get on top of it.

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Luxury cars

# Pick me up

Dec 19th 2006 | HONG KONG
From The Economist print edition

**A record order for Rolls-Royce**

Reuters

**Roll up, roll up**

ONE of the world's more idiosyncratic celebrations of prosperity occurs periodically in Hong Kong whenever the Peninsula Hotel receives another record-setting order of Rolls-Royce saloons. The tradition began with seven Silver Shadows in 1970, just as Hong Kong's pre-eminence as southern Asia's financial and trading centre was gathering force. The dark green cars immediately became a symbol of the city's affluence, even appearing in a 1974 James Bond film. There have since been eight more deliveries, each in its own way marking Hong Kong's transformation into one of the richest cities on earth. The most recent took place on December 14th, when Ian Robertson, Rolls-Royce's chief executive, handed over the keys for 14 “Peninsula Green” Phantoms to Michael Kadoorie, chairman of Hongkong and Shanghai Hotels.

The cost of the transaction has not been disclosed, but the list price for each car is $400,000 and Hong Kong levies a duty that would double the price. Reducing the size of the order must have been a temptation, but Mr Kadoorie said each car was vital given the hotel's 300 rooms, a ratio that by itself says much about the Peninsula and Hong Kong. The hotel's chauffeurs were sent to Britain for training at a Rolls facility, because driving one model is, apparently, not quite like driving any other.

Having bought 55 of these cars in the past, the hotel did, however, believe it understood what needed to be tweaked. Among the 16 changes required by Mr Kadoorie was a reconfiguration of the battery to allow for a larger boot; a special box under the seat for chilled hand towels; and shifting the air-conditioning controls to the arm rests from a panel between the front seats, so that passengers do not have to stretch across the car's vast legroom.

Why these cars should have found such a receptive home in Hong Kong is a bit of a mystery—at least in practical terms. Public transport is superb; distances short; taxis abundant. Yet no one seems to care. In the effervescent glow of a boom, the city is besotted with fancy cars. Twenty Rolls-Royces are sold each year in the city and a total of 70 across China, which is about to surpass Japan as the carmaker's third-biggest market. Mr Robertson says 100 sales next year would not be a surprise. Certainly there is no shortage of aspiring buyers. In the days after the Peninsula's new cars were introduced, a steady stream of people stopped by to have their pictures taken in front of them.

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Economist.com BUSINESS
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French property

# Patrimony for sale

Dec 19th 2006
From The Economist print edition

**The French government is selling off some historic buildings**

“THREE years ago, we didn't know what we had,” says Jean-François Copé, France's budget minister. Records and valuations of palaces, churches, hotels and offices owned by the state all over France were non-existent or vague until Mr Copé and Service France Domaines, his recently renamed division at the finance ministry, took charge of the programme to sell some of the government's real estate. Notre Dame cathedral and the Louvre museum are not for sale. But thousands of buildings of lesser historical significance could be put on the block as their upkeep has become an increasing burden.

The French state owns some 28,000 buildings worth an estimated €38 billion ($50 billion)—with Notre Dame and the Louvre each valued at one symbolic euro. Over the past three years the government has sold €1.4 billion of property, including buildings worth about €500m in 2006. In January the Hôtel Majestic will go on sale. The government thinks this former luxury hotel on the Avenue Kléber in the centre of Paris—the seat of the Nazi military command during the occupation of France—will fetch at least €500m. Also on the block are the outbuildings of the Hôtel de Noirmoutiers, built in the 18th century by Jean Courtonne, the architect who designed the prime minister's mansion.

Foreign pension funds and private-equity firms are the main buyers of France's buildings. In February 2006 Westbrook Partners, an American private-equity group, bought an Art Deco building near La Madeleine, a neo-Classical church in the heart of Paris. In November 2006 it bought the Hotel Concorde Saint-Lazare, built near the Saint Lazare train station in 1880 at the behest of the French government to encourage people to travel by train. The Carlyle Group, another American private-equity firm, bought a portfolio of 34 buildings in July 2006. A few months earlier Carlyle had been the winner of the keen contest for a building hitherto occupied by the customs service in rue du Bac, a street in one of the poshest quarters in the centre of Paris. The firm is planning further investments in the centre of the city. “Of course we are interested in the Hôtel Majestic auction,” says Eric Sasson, head of European real-estate at Carlyle.

The goal of the programme, says Mr Copé, is to cut costs. Eighty-five per cent of the proceeds from each sale go to the occupant of the building and the rest is used to pay off government debt. Civil servants grumble about having to move from a beautiful *hôtel particulier* (as the city's palaces are called) to modern premises in a drab suburb of Paris, but the use of space is far more efficient. The customs service will move in 2007 from rue du Bac to Montreuil, on the outskirts of Paris.

Not everyone is happy with the government's property sale. A report by the Institut Montaigne, a Parisian think-tank, is critical of the scheme, arguing that it lacks a coherent strategy. Mr Copé insists he is not selling the state's assets on the cheap. When offers for the abbey in Aniane in the south of France were deemed too low, the government cancelled the sale. The abbey will be put up for sale again in 2007.

How far can the French government's garage sale go? Putting the country's historic jewels on the block has proved uncontroversial so far, but could yet provoke a public row. In Italy in 2002 Silvio Berlusconi, then prime minister, set up Patrimonio dello Stato, a new state agency, to value Italy's heritage and to decide what could be sold, leased or securitised. But not much has happened since—in part because of public outrage at scare stories about flogging the Colosseum.

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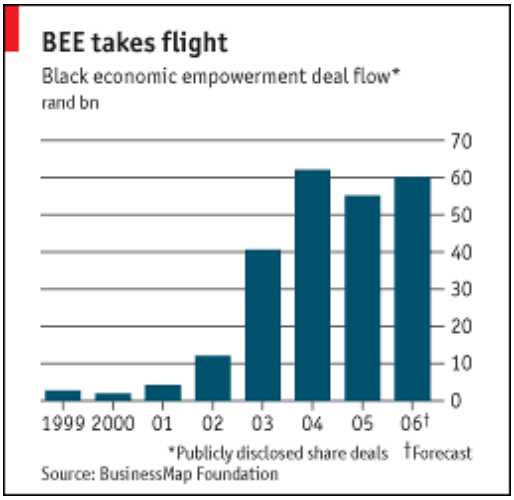
**Business in South Africa**

# The way to BEE

Dec 19th 2006 | JOHANNESBURG
From The Economist print edition

**The government defines the rules for "black economic empowerment"**

Get article background




AFTER three years of consultation and much debate, South Africa's cabinet last week released the details of its newly approved codes of good practice for black economic empowerment (BEE), a scheme intended to redress the economic wrongs of apartheid. The long-awaited codes, expected to come into force in January, clarify a subject that has dominated South African business for a decade. But will they atone for all that injustice?

Few South Africans disagree with BEE's aims, and the country's largely white businesses broadly embrace the idea that the economy should fully include the non-white majority of the population. But there has been much grumbling over the shape BEE has taken. So far, empowerment has mostly meant bringing black shareholders into white-dominated companies; new "BEE deals" are announced almost daily. The BusinessMap Foundation, a local outfit following empowerment, has tracked 60 billion rand ($8.6 billion) or so of share transfers this year in over 250 transactions (see chart).

Critics, including trade unions, argue that these deals have benefited only a lucky, well connected few. They want companies to ensure that more people benefit. Boosting black participation in the economy, they say, should also mean more than transferring shares and introducing a few black faces into boardrooms; it should promote black entrepreneurs and create jobs for the millions of poor and unemployed blacks.

Even before the new rules were finalised (a draft was published a year ago), businesses began to change. Several industries have adopted their own BEE charters. An increasing number of BEE transactions involve employees or local people. Giants such as Anglo American, a mining group, and SABMiller, a brewer, are helping small black suppliers to expand.

Under the new rules, firms are assessed not only on black ownership, but also on the colour of their managers and staff, how much they train them, whether they help black entrepreneurs, how much money they spend on social programmes and what part of their procurement goes to "empowered" suppliers. Weights are assigned to these criteria and combined to form a scorecard used to grade companies.

BEE is mandatory only for the government and state-owned companies. But good empowerment credentials are also pretty much required for those wanting to do business with the state. Mining firms must meet empowerment targets to retain mining rights. And the measurement of BEE procurement has had a ripple effect: for instance, when the financial services industry adopted voluntary targets a few years ago, its technology suppliers had to follow suit.

All this has rapidly created a new black business elite. But BEE barons are more versed in dealmaking—often collecting a string of unrelated minority interests—than in operational know-how or entrepreneurship. BEE helps slice up the economic cake, but has done little to expand it.

Correcting the wrongs of the past also comes at a price. According to James Formby of Rand Merchant Bank, a local financial institution, the cost to companies—mainly as share-price discounts or financial guarantees—is equivalent to roughly 3% of their stockmarket value for the first 10% of capital that is

transferred to new black owners. An army of lawyers, consultants and financial advisers guides companies though the BEE maze. Bill Lacey of the South African Chamber of Business worries that this places a heavy burden on small firms. Although the codes are clearer now, they remain dizzyingly complex.

Redressing past wrongs without scaring away foreign investors and harming small companies is a difficult balancing act. The codes exempt foreign companies from some rules covering ownership and procurement, provided they make up for it in other ways, and the smallest companies do not have to comply with the codes at all. The government says that less than 2% of companies—making up 61% of GDP—have to wrestle with the full codes. Although foreign and local investment remains low, it is rising, which suggests that BEE is not intimidating big companies.

But there is a long way to go. BusinessMap estimates that only 7% of the ownership of the stock exchange has moved into black hands, a far cry from the 25% target. Most companies are also far from the goal that 40% of managers should be black. To correct old distortions, BEE unavoidably creates new ones. Empowerment perpetuates the racial classifications of apartheid, as firms obsess about the colour of their shareholders, employees and suppliers. Eventually, prescriptive BEE will have to become a thing of the past. The new codes look forward ten years. But what then?

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Face value

# Delhi dreams

Dec 19th 2006
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**Sanjeev Aggarwal believes that venture capital is about to boom in India**

Helion

“THE propensity for risk-taking in India has gone up a lot,” says Sanjeev Aggarwal. Back in 2000, when he left his safe job at Digital Equipment Corporation (DEC), an American multinational, to launch a start-up, most Indian businesspeople were highly risk-averse, as were their families. “My wife was very worried about me leaving the security of a salary at DEC,” he recalls. Now a growing number of Indians are keen to risk becoming entrepreneurs, which is why Mr Aggarwal recently helped found a venture-capital firm, Helion Venture Partners, to help them succeed—and to enable him to get a piece of the action.

This increased appetite for risk has several causes. As India's economy has boomed (especially, but not only, in the technology industry) Indian executives have started to make a lot of money. They now have big enough nest-eggs to reassure themselves and their wives that they will be in good financial shape even if their entrepreneurial enterprises fail, as many are certain to do. This has given them the confidence to take more chances.

And, unlike when Mr Aggarwal took the plunge, they can also draw strength from a fast-growing list of successful Indian start-ups that now extends far beyond Infosys, the pioneering business-process-outsourcing (BPO) giant. Other notable successes include i-flex, a hugely successful developer of banking software, and Daksh, the BPO firm that Mr Aggarwal started with a call-centre in Gurgoan, on the edge of Delhi. In 2004 Mr Aggarwal made what he hopes will prove to be merely his first fortune when Daksh was bought by IBM as part of the computer giant's ambitious expansion in India. Daksh has gone from strength to strength: its workforce has increased from 6,000 to 20,000 employees since IBM bought it.

The prospect of adding to this list of start-ups is increasingly appealing to Indian executives looking for a bit more excitement—particularly those working for home-grown firms that have done well or for foreign multinationals that have expanded into India. “They are finding it ain't fun any more,” suggests Mr Aggarwal. Helion is, for example, about to announce an investment in a firm started by a team that is breaking away from one of the biggest outsourcing firms in India.

There are obvious parallels with the early days of Silicon Valley's venture-capital industry, which financed many start-ups created by former employees of local giants such as Hewlett-Packard and Intel. Indeed,

many of those entrepreneurs were expatriate Indians who, now wealthy, see the chance to replicate Silicon Valley at home—much as returning Israeli entrepreneurs helped to create in their homeland the world's second-largest venture-capital industry.

That is the hope of investors in Helion's first fund, of $140m. They include some of the big American university endowments that did fabulously well by funding some of the pioneering Silicon Valley venture firms. Among the expats transferring their expertise back home is another of Helion's co-founders, Ashish Gupta. He was a co-founder of Junglee, a comparison-shopping website bought for $230m by Amazon.com in 1998, and later an angel investor in Daksh, having got to know Mr Aggarwal via their extended family network. Helion's other two co-founders, Kanwaljit Singh and Rahul Chandra, also bring useful expertise from abroad, mostly acquired by working for big foreign firms such as Intel, the Carlyle Group and Walden International, one of the first foreign venture-capital firms to try its hand in India.

All this makes Helion India's first noteworthy American-style venture-capital firm. Its $140m gives it reasonable clout. Mr Aggarwal estimates that the total venture capital allocated to India is around $750m-$1 billion, with about $250m of that invested each year in companies. But that does not tell the whole story, as much of the investment in fast-growing industries in India is done by the giant family conglomerates (such as the Reliance Group and the Tata Group) that have dominated the economy for decades and continue to be well placed to exploit the most promising opportunities. They use lots of their own capital, although increasingly they are willing to supplement this with money from the foreign private-equity and venture firms that are now desperate to be in the Indian market.

## The voice of experience

Helion will face competition both from the old family firms and from big American venture capitalists, including Matrix Partners, Bessemer, Sierra Ventures and Silicon Valley's Sequoia Capital. But Mr Aggarwal plans to appeal to a new generation of Indian entrepreneurs who are not from old money. He thinks Helion's founders' practical experience of building successful businesses will be a selling point. Helion plans to provide start-ups with the hands-on advice that used to be the norm in Silicon Valley before the venture-capital firms got too big to provide it.

Helion's first investment, in August, was in JiGrahak Mobility Solutions, a firm that helps people shop by mobile phone. Its second investment, signed last week, is in makemytrip.com, an online travel firm. Mr Aggarwal expects Helion to concentrate on the intersection between mobile telephony, the internet and India's booming consumer markets. Another focus will be on extending India's outsourcing industry, either by automating labour-intensive processes or by developing high-margin specialist niches. Helion is looking at several such firms that do legal processing (preparing patent filings, for example) or equity research. These typically have revenues of around $20m, 300 staff and profit margins five times those of ordinary BPO firms. With venture backing, they could become firms with $100m in annual revenue and $20m in profits, reckons Mr Aggarwal—which, he adds, with a price-earnings multiple of 20-30, translates to “a half-billion-dollar market cap from a listing on the NASDAQ”. It will be risky, but Mr Aggarwal is ready to roll the dice.

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**Bank of Japan**

# Walking on eggshells

Dec 19th 2006 | TOKYO
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**Although the recovery is still fragile, Japan should brace itself for interest-rate rises**

TOSHIHIKO FUKUI, the wily governor of the Bank of Japan (BoJ), would dearly like to raise interest rates. But he decided on December 19th that holding off was the wise thing to do. Under Mr Fukui's stewardship, the BoJ has regained much of its lost credibility—thanks to the no-nonsense way it has purged a decade's-worth of dud loans from the banking system and created the conditions for the economy's continuing, albeit wobbly, recovery. In the process, the central bank has earned respect in political circles. And that has translated into less government meddling.

But with the new government of Shinzo Abe, the prime minister, hoping the fragile rebound will continue at least until next summer's upper-house election, the BoJ is treading cautiously. Mr Abe's office says that no pressure was put on Mr Fukui to hold rates when he was called in last week for a friendly chat. But it was made subtly clear that were the bank to slam on the brakes, then it would feel the wrath of the ruling Liberal Democratic Party. No one in political and financial circles will ever let the BoJ forget how it raised the key rate in 2000 from zero to 0.25%—only to lower it again six months later when the increase made deflation even worse.

The central bank is also sensitive to criticism that this summer it prematurely announced the end of Japan's debilitating era of deflation. After six years of essentially free money, the BoJ sneaked in a quick interest-rate rise—from zero to 0.25%—in July, hoping that this would not stop inflation inching higher. In fact, the core consumer-price index has drifted between zero and 0.1%. In Japan the core CPI includes energy prices but not those of food. After stripping out energy, inflation was actually negative in the past few months.

That has not stopped the central bank from making plans to raise its key unsecured overnight call rate to 0.5%. It is concerned about the amount companies have been pouring into capital investment. The rebound in commercial-property prices in Tokyo and other large cities has driven capital spending to new heights. Thanks to the rising value of their properties, against which they can secure loans, smaller firms now find it easier to borrow for investment—as their bigger brethren do. As a result, capital investment has gone through the roof. And although GDP growth for 2005 has lately been revised down (from 2.6% to 1.9%), it is thanks only to exports and capital investment that the economy has continued to expand since the recovery got under way in 2002.

The central bank is glad that the surge in capital spending has been there to support the economy, but it is anxious that things should not get out of hand. It is mindful of the way cheap money in the 1980s stoked up such a firestorm of investment in the private sector that stock and land prices soared. When the bubble burst in 1990, bad debts brought the banking system close to collapse and the nation fell into a decade of recession and deflation. After living through such a trauma, Mr Fukui is adamant that runaway investment should never again be allowed to wreak such havoc on the economy.

He is also concerned about the way Japan has been supplying much of the world's liquidity. With the Federal Reserve's key rate at 5.25% and the European Central Bank's main rate of 3.5%, the BoJ's ultra-low 0.25% has fuelled an unhealthy boom in the yen carry trade—as investors borrow cheaply in Japan to invest in higher-yielding assets overseas. Mr Fukui believes the dangers of keeping such a loose monetary policy for so long outweigh any short-term gains, and the sooner “normalcy” is achieved the better.

The BoJ had hoped that another small 25 basis-point rise could have been made at its monetary-policy board meeting on December 18th and 19th. The central bank's own quarterly Tankan survey of business sentiment, released on December 15th, confirmed that corporate Japan remains upbeat about future profits, with confidence spreading from large manufacturers to smaller firms. The survey also showed that job prospects and capital spending are rising as well. The one thing that prevented the nine-member policy board from recommending a rate increase was the lacklustre spending by consumers, reflected in the waning confidence of the big retailers.

Everything from inclement weather to job insecurity has been blamed for consumers' reluctance to spend. Yet even as company profits have soared (up a further 15% in the last quarter), wages have barely risen. As a result, households have had to dip into their savings to make ends meet. The Cabinet Office gives warning that the once-lauded savings rate, which peaked at 23% of household income in 1973, is now down to a Western-like 2.7%. With retirement beckoning for so many, there is a limit to how far Japan's ageing people are prepared to raid their piggy banks today. And since consumer spending accounts for 57% of Japan's GDP, growth will remain puny until companies spread more of their profits around.

Some firms may have started to do just that. The job market is tightening and company balance sheets are strong. Bankruptcies declined a further 15% in November compared with October, while overdue debts fell a solid 32%. All told, liabilities were down 50% on a year ago. As the economy approaches something like full employment, wages can go only one way—up.

Some people argue that private consumption is actually far stronger than the official figures suggest. The data are notoriously unreliable and are invariably adjusted months later. For what it is worth, the Cabinet Office's consumer-confidence survey rose in November for the second straight month. One way or another, the BoJ should have a clearer idea about how much people have been spending—and whether to risk raising its key borrowing rate—from late January onwards. But one thing is clear: Mr Fukui will eventually raise rates in the Year of the Boar—and not just once but probably several times. And that is something Mr Abe's government will have to get used to.

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**Buttonwood**

# Spread too thinly

Dec 19th 2006
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**Beware the overpriced debt markets in 2007**

GENTLEMEN prefer bonds. If you look round the world for speculative excess at the end of 2006, there are many more signs in the supposedly staid world of debt than in the stockmarkets.

Investors are enthusiastic about buying fixed-income assets, even though yields are low by historical standards and the returns on cash (particularly in America and Britain) are as attractive.

Many investors in shares argue that the low levels of bond yields make stockmarkets look cheap. To take one example, emerging-market bond spreads (the excess yield over American Treasuries) are close to all-time lows, according to Morgan Stanley, an investment bank, whereas emerging stockmarkets trade at their usual discount to developed-world shares. In the short term, the perceived cheapness of debt is persuading private-equity groups that they can make big profits from buying quoted companies. And the prospect of such bid activity is keeping a floor under share prices.

But there may also be structural reasons why investors are favouring bonds over shares. The first is that savers have changed. Pension funds and insurance companies in the developed world have become more cautious (thanks to regulation and the bear market of 2000-02) and are increasingly buying bonds in an attempt to match their liabilities. Furthermore, savers are no longer risk-happy Americans but Asian central banks, which have traditionally put bonds at the core of their portfolios.

A second reason is the massive growth of credit derivatives, which has given investors the ability to sample the debt markets so as to get exposure to the precise risks they find attractive. Debt is no longer just plain vanilla; now there is as much variety on offer as at an Italian *gelateria*; credit risk can be scooped out and separated from interest-rate risk; money can be made from predicting default as well as avoiding it. Rather than investing in a few, often illiquid, corporate-bond issues, investors have a host of vehicles to choose from—albeit with names that, like Italian ice creams, sound confusingly like one another. Abundant liquidity has persuaded people to accept lower yields as a result.

All this has coincided with an exceptionally favourable period for corporate-debt markets. Companies have been extremely profitable, generating more than enough cash to service their debts; as a result, the default rate has been very low. Traditionally, low default rates have been associated with low spreads.

Of course, markets are supposed to look forward. All this good news might prompt investors to believe debt markets are close to a turning point. Indeed, corporate-bond spreads did edge higher earlier this year, before taking another downward lurch in the autumn.

The debt markets seem to offer little scope to absorb bad news. As Barclays Capital, a British investment bank, neatly puts it: “The entire asset class of bonds is characterised by symptoms of overvaluation and complacency.”

But what will puncture that complacency? The most likely cause would be a big default. If the global economy slows next year, companies will find it more difficult to service their debts. And bid fever has prompted borrowers to take on more risks; according to Standard & Poor's, a rating agency, the average purchase price for European leveraged buy-outs has reached a record level of 9.4 times earnings before stripping out the costs of interest, tax, depreciation and amortisation.

The real test will come when spreads start to widen again. Will the rapid emergence of credit derivatives and the greater role of hedge funds make markets more—or less—stable?

There had been fears that hedge funds would be less willing than banks to stump up rescue money in a crisis. But the recent case of Polestar, a British printing group, showed that companies can be refinanced smoothly even if hedge funds are involved. In addition, plenty of distressed-debt funds specialise in taking positions when things look ugly.

Another fear is liquidity. Hedge funds have actively provided credit via leveraged loans. There is a risk that, just when borrowers get into difficulty, hedge-fund clients may demand their money back. However, hedge funds have sought to deal with this danger by imposing longer lock-in periods and by securing better margin terms from their banks.

Plenty of people believe the financial system is more secure than before, because banks are not as vulnerable to the threat of corporate failures. The markets have survived the crash of big companies, such as Enron, an energy trader, and the downgrades of motor companies, Ford and General Motors, in recent years. But the real test of a big recession has yet to be faced. If you want to dwell on one financial worry for 2007, the corporate-debt market is the place to start.

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American investment banks

# Streets ahead of the rest

Dec 19th 2006 | NEW YORK
From The Economist print edition

**Humility? Forget it**

IT HAS been a year to make even Croesus blush for the big Wall Street securities firms. Goldman Sachs, Bear Stearns and Lehman Brothers have all announced record profits and beaten analysts' expectations in the process. Morgan Stanley, which was due to report on December 19th, has also had an enviable year. Bloomberg, a financial-information firm, calculates that the industry will make $29.1 billion after tax in fiscal 2006, a 43% rise on last year, which was itself a bumper one. New York's tabloids have had a field day, splashing headlines like “Sachs of Loot” and fantasising about all the things outsized bonuses could buy.

Goldman, the best performer, is setting aside an unprecedented $16.5 billion to reward its talent, equal to $620,000 per employee across the firm. But it is now so profitable that the ratio of pay to revenue has actually fallen, to 43.7%, well below the 50% seen as a ceiling in the industry.

This is all good news for purveyors of luxury goods and fancy homes, who hope to pick up more than a few crumbs from Wall Street's table. Orders for bespoke suits are up on last year, says Jack Mitchell, who kits out some of the financial bigwigs. New York officials are delighted, too. They have slashed the city's budget-deficit forecast, in part because of the sharp rise in tax receipts from investment banks.

The banks can thank near-perfect markets for their good fortune. Mergers and private equity are booming, as are stockmarkets (the Dow hit another high last week). Volatility is low, credit still plentiful. Hedge funds and others are trading derivatives at a furious pace, providing a further lift to the banks' prime-brokerage businesses. In these conditions, the banks have (so far) profited handsomely from ratcheting up their own risk-taking. Across the industry, value-at-risk—a measure of potential losses on a bad trading day—has risen steadily. Some 70% of Goldman's net revenues now come from trading and investing on its own account.

Everyone knows this cannot last forever. The banks are hoping that their scope will help them when markets turn. Growth prospects look good in Asia and Europe, and all of the leading firms apart from Bear Stearns now do a big chunk of their business outside America. They are also beefing up their distressed-debt and bankruptcy teams, a source of profit that should mitigate any pain from a rise in defaults and tougher debt markets.

Goldman's boss, Lloyd Blankfein—who is set to pocket $50m or more this year, another industry record—has called for humility as his troops reflect on their stellar year. But with investment banks outperforming their commercial-banking counterparts on almost every measure, including share price, the gloating will be hard to contain. Just now, much of it is directed at Citigroup, which is under pressure to cut costs and raise its share price. Strikingly, the financial conglomerate is paying slightly higher interest on its five-year debt than Lehman or Bear Stearns.

Moreover, any investment banker worth his salt will tell you that there is not much money in meekness. After a day or two reacquainting themselves with their families at Christmas, most will race back to their desks next week, hungry to make another killing.

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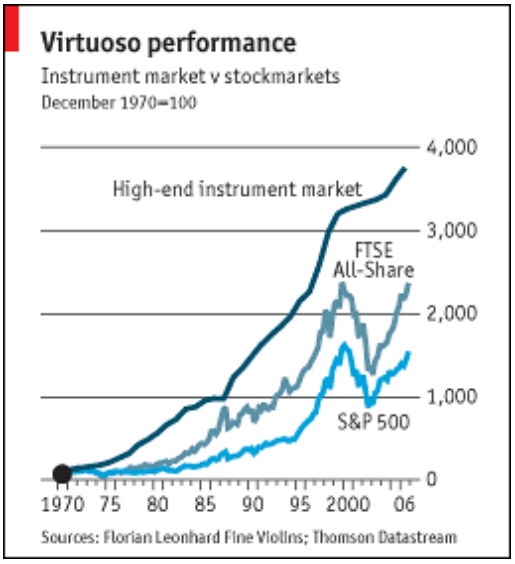
**Financial instruments**

# Fiddling expenses

Dec 19th 2006
From The Economist print edition

**Musicians are finding clever ways to pay for the tools of their trade**




"FROM the first note, I knew I had to go for it," explains Jamie Walton, an up-and-coming British cellist, discussing his decision to buy a 1712 Guarneri *filius Andreae* cello for $1.7m. "I don't see it in material terms—it is a part of my soul." But to raise the money, Mr Walton, aged 32, has ventured into less ethereal realms of the classical music world: he is cobbling together a syndicate of investors over the next two months who will own notional shares in the instrument.

It should be a sound investment. As both professional tool and *objet d'art*, prices of stringed instruments are soaring. A Stradivarius violin fetched a record $3.5m at auction in 2006; dealers say private transactions have reached well beyond $6m. According to sales data, during the past 35 years the returns for high-end stringed instruments have vastly exceeded the performance of American stocks (see chart). The cello coveted by Mr Walton has tripled in value in 15 years.

The high prices mean that only the most successful musicians can afford to buy top-rated instruments. Many have long relied on loaned pieces from patrons, charities or orchestras. More recently, European banks, Asian companies and wealthy collectors have moved in, pushing up prices; and museums and foundations have bought instruments for posterity, creating a scarcity. The result is that the best ones are almost inaccessible to talented musicians, who are turning to investors to buy and loan them instead.

It is not easy to structure deals. "There are strings attached," explains Jason Price of Tarisio, an online auction house for instruments. For example Bein & Fushi in Chicago, which has organised around 25 such transactions, worth $35m, requires musicians to perform annually for patrons, giving new meaning to an investors' roadshow. Robert McDuffie, an American violinist, agreed to private concerts when 15 investors purchased his $3.5m fiddle in 2001, granting him 25-year usage rights. Players typically pay insurance (around 1% of the value) and maintenance but no rent, explains Nigel Brown, who organises investment trusts such as Mr Walton's.

Prices may go higher still; the number of virtuosos is on the rise as teaching improves, and Chinese orchestras are keen to equip their ranks. Further fuelling demand is the need for talented players to distinguish themselves from the pack, says Ariane Todes, editor of *The Strad*. But it is as much artifice as art. To most ears there is little difference between a Strad and a good modern maker, admits Ruggiero Ricci, a master violinist. He sold his famed Guarneri *del Gesù* violin for $3m in 1999 after buying it in 1957 for around $35,000.

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Economics focus

# Rate of decline

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**What the consolidation of American banking has meant for its smallest operators**

IN AMERICA retail banking is still a local business. Around 95% of the country's deposit-takers are “community” banks, estimates those institutions' trade body; and more than 90% have assets of less than $1 billion, according to the Federal Deposit Insurance Corporation (FDIC), a regulator. Even Bank of America, which comes closest to having a national network, has branches in only 29 of the 50 states. Nevertheless, banking is much less local than it used to be. Advances in technology have made it far easier to offer banking services regionally or nationally. And deregulation has swept away restrictions that once prevented banks from extending their branch networks across state boundaries (even, in some states, within them). Thanks mainly to a wave of mergers, but also to a spate of bank failures in the late 1980s and early 1990s, the number of banks in America has fallen by half in the past 20 years.

The effect of this consolidation on America's local banks may seem clear: they are squeezed by the big boys, just as retailers are when Wal-Mart or Toys “R” Us comes to town. Certainly, the number of small banks has fallen dramatically, as has their combined market share. Banks with less than $1 billion in assets (in 2002 dollars) accounted for 28% of the industry total in 1984, but only 14% in 2003, according to analysts at the FDIC. The share of banks with more than $10 billion shot up from 42% to 73%.

Big banks have some obvious advantages over small ones. They can raise money more cheaply than smaller banks, notably in the financial markets, and can therefore offer keener lending rates. Their assets are more diversified and therefore less risky when taken as a group. They may be able to supply a broader range of services for which fees can be charged.

That said, the small fry are not helpless when bigger fish swim into their pool. Precisely because of big banks' easier access to financial markets, they rely less on deposits for their funding. There is evidence that they offer customers meaner deposit rates—and hence make local banks' life easier in this respect. They also tend to offer all savers the same rate, at least within one state, whereas local banks react more nimbly to local economic conditions. Research also suggests that multi-market banks charge higher fees than local banks do. And diseconomies as well as economies of scale can come into play. Frequently, merging banks lose some deposits, as customers disgruntled by a big, impersonal institution take their money elsewhere—sometimes to one of the 100-odd new banks set up in America each year.

In a forthcoming paper* Allen Berger, of the Federal Reserve, Astrid Dick, of the New York Fed, the late Lawrence Goldberg, of the University of Miami, and Lawrence White, of New York University's Stern School of Business, weigh two hypotheses about banking mergers. On the one hand, consolidation may have been born of efficiency, as technological progress improved the profitability of large institutions serving several markets faster than that of small, local banks. On the other, mergers may have been the children of hubris, as chief executives sought scale for its own sake. Efficiency-based mergers should have made life harder for small, single-market banks; hubris should have helped them.

## A wonderful life no more

The authors compare the profitability of small banks operating in only one local market in two periods, 1982-90 and 1991-2000. They find that in the first period, competition from out of town did them more good than harm; their returns on equity were higher if they were up against banks that were big, served many markets or both. In the second period, though, the effect was reversed. In other words, between the 1980s and 1990s bank consolidation became less hubristic and more efficient, to the detriment of small, local banks—thanks, say the authors, largely to developments in technology.

It appears that local banks suffered both lost revenues, as the interlopers stole their fees and interest on loans, and also higher costs, as they offered higher deposit rates or spent more on advertising or service to keep hold of their customers. Looking at an alternative measure of local banks' profitability, the authors suggest that their competitors became sharper at serving several markets, rather than exploiting sheer scale.

Another recent study† provides finer detail. Timothy Hannan and Robin Prager, both of the Federal Reserve, find that increased competition from multi-market institutions has had markedly different effects in rural and urban areas. Looking at returns on assets and equity between 1996 and 2003, they conclude that the profitability of local banks serving single rural markets was dented by the presence of more broadly based competitors. Similar banks in urban districts, however, were unaffected. As the authors note, this may not be too surprising. Rural markets tend to be more concentrated than urban ones and the banks that served them enjoyed far higher returns than their city-dwelling counterparts. There is therefore more profit for competitors to feed on. Moreover, the impact in rural areas was greater, the more concentrated the market. The smaller the bank, the harder it was hit by competition from outside.

The outsiders did most damage by causing local banks' non-interest income to decline and their bad-loan provisions to rise. This indicates that they beat local banks in winning fee income and were able to cherry-pick the safest borrowers, leaving the locals with a riskier lot. America's small, local banks are unlikely to die out, but their life has become much less cosy.

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* "Competition from Large, Multimarket Firms and the Performance of Small, Single-Market Firms: Evidence from the Banking Industry". Forthcoming in the *Journal of Money, Credit and Banking.*

† "The Profitability of Small, Single-Market Banks in an Era of Multimarket Banking"

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Astronomy

# The Argus eyes of stargazing

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**Ever larger telescopes are planned to study the heavens in ever more detail, but with a twist**

Illustrations

SIZE matters, at least in astronomy. Large telescopes are able to detect fainter objects than their smaller counterparts can because they gather more light. They also produce crisper images because they can resolve smaller details of the objects they are pointed at. Although space-based telescopes avoid distortion caused by the atmosphere and can thus discern finer details than their Earthbound equivalents, they are doomed to have small mirrors because rockets can carry only so much weight into space. So, if the true nature of the universe—including the composition of dark matter and dark energy, the two great known unknowns of cosmology—is to be elucidated, bigger land-based equipment is needed.

Nearer to home, big telescopes would also be able to look for Earth-sized planets around stars other than the sun. Today's machines have identified more than 200 “extrasolar” planets, but these are all rather bigger than Earth. Not only might a suitable large telescope locate Earth's cousins, but it should also be able to study their atmospheres. That, in turn, would give clues as to whether they harboured life, since a chemically unstable atmosphere (such as one rich in a reactive gas like oxygen) is evidence suggesting biochemical activity.

The problem is that big telescopes are hard to make. The crucial component, the mirror that gathers the light, is more liable to distortion, the bigger it gets. The modern fashion, therefore, is to make telescope mirrors smaller, and then get them to collaborate.

## Mine's bigger than yours

One way of doing this is to build a series of independent telescopes and point them all in the same direction. Such an arrangement provides a resolution (though not a light-gathering power) equivalent to a single mirror with a diameter equal to the distance between the two telescopes that are farthest apart in the array.

This technique has been applied for a while to radio telescopes. The problem with extending it to shorter wavelengths, such as visible light, is that the accuracy with which the instruments have to be pointed is related to the wavelength they are looking in. Radio astronomers, whose wavelengths are measured in metres, can afford to be sloppy. Optical astronomers, whose wavelengths are measured in billionths of a

metre, cannot.

The compromise today is to look at microwaves—the part of the spectrum that lies between radio waves and light. Astronomers in America, Europe and Japan are collaborating on the biggest microwave array to be built so far, the Atacama Large Millimetre Array now under construction in Chile. It will have up to 64 “mirrors” (actually dish-like antennae that are large versions of the sort of thing used to receive satellite television). The advantage of microwaves, other than the ease of building large telescopic arrays to look at them, is that they can pass through the interstellar dust that obscures much of the universe, and thus illuminate processes invisible to optical-wavelength astronomers.

Though optical astronomers cannot yet manage this array-building trick, they, too, have worked out how to benefit from making small mirrors collaborate. The difference is that they put the small mirrors together to form a big one inside a single instrument.

Doing that allows them to build very big mirrors indeed. The largest single-element optical telescope at the moment—confusingly called the Large Binocular Telescope, but each of its two mirrors is made as a single piece—has mirrors 8.4 metres across. The two Keck telescopes on Hawaii and the South African Large Telescope, which use mosaics of hexagonal sub-mirrors, have systems up to 11 metres across.

Even these, however, are minnows compared with what is being planned. America's National Science Foundation is now evaluating two competing designs: the Giant Magellan Telescope, some 24 metres across, and the self-explanatory Thirty Metre Telescope. A European Extremely Large Telescope is also on the drawing board. Late last month a draft design for this, with a mirror size of between 30 metres and 60 metres, was unveiled. It is based in part on what was known as the Overwhelmingly Large Telescope, an earlier venture that was abandoned after it turned out to have overwhelmingly large costs, as well.

All these telescopes will be built atop mountains in dry areas, to get as close to outer space as possible, and thus minimise the layer of air and water vapour between the sensors and the stars. Even then, achieving high resolution requires “adaptive optics”—electronic wizardry designed to undo the distorting effects of the remaining atmosphere above the instrument in question. The idea is to monitor a reference star and, by subtly adjusting the shape of the mirror, to keep this star in focus no matter what the weather. One innovation to be tested by the European Extremely Large Telescope would be to create an artificial reference star by firing a laser into the night sky. That would be a boon to those wishing to study parts of the sky that are normally void of such objects.

The new generation of part-work telescopes would operate in collaboration with space-based astronomy, of course. Just a few weeks ago NASA, America's space agency, announced that it would upgrade the *Hubble* space telescope. It also has plans for a new device, dubbed the *James Webb* space telescope and due to be launched in 2013. But modern ground-based telescopes can complement such observatories, often achieving more and costing less. Mountaintop astronomy is entering a new golden era.

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**Fundamental physics**

# Axion stations

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### A possible particle of dark matter

WHEN Frank Wilczek, a Nobel laureate, proposed the existence of a new type of elementary particle in 1977 he named it an “axion”, after a type of detergent, because it cleaned up a profound physical problem.

This problem is that the amount of visible stuff in the universe is far smaller than is needed to account for the apparent effects of gravity. In particular, galaxies behave as though they are much heavier than they actually look.

One way of solving this conundrum is to invoke a type of matter that has a gravitational field, but cannot interact with light or other forms of electromagnetic radiation, and is therefore invisible. In other words, dark matter. Axions are the most popular proposal for what this dark matter might actually be.

Unfortunately, they have since created a mess of their own. Many experiments have looked for axions. Most have not found them. Indeed, they have proved so hard to detect that many physicists question whether they exist.

Earlier this year, though, an Italian experiment did see something that suggested their existence. Now a paper by Piyare Jain and Gurmukh Singh of the State University of New York, Buffalo, also offers some evidence that axions really do exist. It is published in the January edition of the *Journal of Physics G: Nuclear and Particle Physics*.

The pair had another look at some photographic plates from an experiment conducted a decade ago at CERN, the European particle physics laboratory near Geneva. Though that experiment had not been intended to make axions, the two researchers wondered if it had created such particles as a by-product. After re-analysing the plates, Dr Jain and Dr Singh concluded that they may have found axions that exist so fleetingly that they are not noticed by the modern electronic methods of particle detection that have replaced the use of photographic plates.

If their interpretation is correct, that would be exciting, as it would establish the existence of a new class of matter. Unfortunately, it would not solve the dark-matter problem, since what the two researchers think they have found would be too short-lived to form the “missing” matter. But other particles in the class might plug the gap. An experiment under way at DESY, a laboratory in Hamburg, Germany, is seeking to make and detect axions that would fall into this longer-lived category. Should it succeed, scientists will have come closer to cleaning up the mystery.

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**Brain cancer**

# Happy families, hidden dangers

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**Younger siblings increase the chance of brain cancer**

IT IS well known that many sorts of cancer run in families; in other words you get them (or, at least, a genetic predisposition towards them) from your parents. The idea that you can get cancer from your brothers and sisters is more surprising. But that is the conclusion of a study conducted by Andrea Altieri and his colleagues at the German Cancer Research Centre, in Heidelberg.

Dr Altieri was looking for evidence to support the idea that at least some brain cancers are triggered by viruses and that children in large families are therefore at greater risk, because they are more likely to be exposed to childhood viral infections. This is not a new suggestion, but brain cancer is rare, and its rarity makes it hard to study systematically. In any field of science, small samples lead to spurious results. To find reliable answers to questions about something as infrequent as brain cancer, a whole country's worth of data is needed.

Fortunately, at least one country can provide those data: Sweden. And in the current issue of *Neurology*, Dr Altieri describes what he discovered when he analysed the records of the Swedish Family Cancer Database. This includes everyone born in Sweden since 1931, together with their parents even if born before that date.

More than 13,600 Swedes have developed brain tumours in the intervening decades. In small families there was no relationship between an individual's risk of brain cancer and the number of siblings he had. However, children in families with five or more offspring had twice the average chance of developing brain cancer over the course of their lives compared with those who had no brothers and sisters at all.

Digging deeper, Dr Altieri found a more startling result. When he looked at those people who had had their cancer as children or young teenagers he found the rate was even higher—and that it was particularly high for those with many younger siblings. Under-15s with three or more younger siblings were 3.7 times more likely than only children to develop a common type of brain cancer called a meningioma, and at significantly higher risk of every other form of the disease that the researchers considered.

This finding, added to evidence linking viruses to a broad mixture of different cancers, has led Dr Altieri and his team to propose that bugs caught during childhood from younger siblings, may, indeed, lead to brain tumours. The initial premise of the argument, that the more children there are to bite, spit, climb and cuddle together, the more infections they pick up, has been demonstrated in studies on nursery schools. But the mechanisms by which younger siblings have more influence than elder ones are speculative. Experience suggests that snotty-nosed toddlers pass their infections on to family members more frequently than older children do. So it could simply be the frequency of infection that is important. An eldest child will be exposed to all of his siblings' infections when they are at the snotty-nosed toddler stage; a second child will be exposed to one fewer; and so on.

An alternative theory is that a first child may experience a period when his immune system is particularly sensitive to certain infections at about the age when third and fourth children are typically born. At the moment, the evidence for this is lacking. It would imply, for instance, that the age gap between siblings is important, as well as the number of younger siblings—but Dr Altieri has searched the Swedish data for evidence of this effect and found nothing, so the smart money at the moment is on the snotty-nosed toddler hypothesis.

Nor is this the only cancer-related matter that elder brothers and sisters have to gripe about. Other research has shown that they somehow protect their younger siblings from leukaemia and from another sort of cancer called Hodgkin's lymphoma, without the favour being returned. The moral, it seems, is that

only those who play the patients actually benefit from games of doctors and nurses.

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# Palaeontology

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## A two-faced reptile

Greek mythology told of the amphisbaena, a two-headed snake. The mythological version had a head at each end, but real two-headed snakes, with both heads at the same end, do, in fact, exist (they are actually conjoined twins with two heads and one body). So do other two-headed reptiles, including lizards and turtles. This, however, is the first example of a two-headed fossil reptile. It belongs to a group called the choristoderes, and was hatched about 120m years ago in what is now north-eastern China. It is reported in the current edition of *Biology Letters* by Eric Buffetaut, of France's National Centre for Scientific Research, and his colleagues.

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Atmospheric science

# Fake flakes

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**A sprinkling of labs around the world are trying to grow snow crystals**

THERE is something about snowflakes that scientists cannot leave alone. Johannes Kepler, the man who worked out the orbits of the planets, wrote a book about them as a new-year present for his patron. Robert Hooke, Isaac Newton's low-born rival who came up with insights about gravity that Newton may have stolen, first applied the microscope to them. And René Descartes once wrote, “So perfectly formed in hexagons, and of which the six sides were so straight, and the six angles so equal, that it is impossible for men to make anything so exact.” But in this as in so many things, Descartes was wrong. For John Hallett of the Desert Research Institute in, appropriately, Nevada, is really rather good at making snowflakes.

Dr Hallett is one of a small band of latter-day snowflake researchers. He makes his flakes in a chamber that mimics the swirling balance between wind and gravity in which natural snowflakes form. He then compares flakes grown in these controlled conditions with natural flakes, and is able to infer what was going on in the places where those natural flakes formed.

The details are surprisingly complicated. Experiments done in the 1930s by Ukichiro Nakaya, a Japanese scientist, showed that whether snow forms in the flat and flowery shapes that grace Christmas cards, or as hexagonal prisms that look like cross sections through pencils, depends on the temperature. The six-petalled ice flowers grow in air warmer than -3°C. Between -3°C and -10°C, prisms form. Between -10°C and -22°C, it is ice flowers again, and below that, prisms once more.

Dr Hallett is building on Nakaya's work to look at how such things as humidity affect the process. It may sound esoteric, but he hopes that understanding the conditions needed for particular sorts of flake to form will enable meteorologists to give out accurate warnings of air-pockets that pilots should avoid in order to prevent their aircraft icing up. And if that were not practical enough, others are looking at the role snowflakes have in catalysing the transformation of ozone into normal oxygen.

Ozone is a version of oxygen with three atoms per molecule, whereas normal, everyday oxygen has only two. At ground level ozone is a dangerous pollutant, but at altitude it blocks the passage of harmful ultraviolet light. Understanding the role of snowflakes in catalysing the change from one sort of oxygen to the other should provide insights into how ozone is distributed in the atmosphere.

Another way of growing snowflakes is to use an electric field. This is the approach employed by Ken Libbrecht, of the California Institute of Technology. Starting with a small piece of frost on an electrode, he has grown ice stars and flowery stalks of impressive beauty. The method works because the electrical field polarises the electric charge on water molecules in the air around the icy tip and then draws them in electrostatically. At about 1,000 volts this effect races away—the more pointed the tip, the stronger the field becomes, and as more water molecules attach themselves to it, the tip becomes more pointed.

Unlike Dr Hallett's convection-grown snowflakes, Dr Libbrecht's electrically generated crystals have no obvious applications. Sadly, they do not even offer much insight into thunderstorm snow. But they do demonstrate the importance of unstable conditions in imparting to snowflakes their famous diversity.

Exact mathematical explanations of this diversity are some way off, but people are working on them. Jon Nelson, of Ritsumeikan University, in Japan, has calculated that the most important property involved is the surface tension of the tiny clusters of water molecules from which snowflakes form. This can vary in non-obvious ways as temperature alters. That variation, he believes, dictates the way snow crystals grow. His model predicts that these clusters will change size at the temperatures at which newly forming snow alters from flower mode to prism mode, and vice versa. And, yes, this, and the instability that Dr Libbrecht demonstrates, is probably sufficient to make every snowflake different.

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Venice and the East

# Foreign affairs

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RMN

**Two shows in Paris—one about Venice (see below) and the other on portraits (see article)—received mixed reviews. They will improve when they start travelling**

IMPORTS were once the lifeblood of Venice; even its patron saint came from abroad. In 828AD Venetian merchants stole the relics of Saint Mark from a Coptic church in Alexandria and brought them home in triumph, claiming they had rescued the saint from the infidels.

The theft was symbolic as well as physical. Venice wanted to set itself up as a new Alexandria: a centre of trade and learning in the Mediterranean that could link the Christian West with the Muslim East. The maritime city depended on Eastern trade for its wealth. “Pragmatism is probably the term that best defines Venice's relations with the Muslim Middle East,” says Stefano Carboni, a native Venetian who is the curator of the Metropolitan Museum of Art's department of Islamic art and who this autumn organised a travelling show with the Institut du Monde Arabe in Paris.

Mr Carboni characterises the city's attitude, in his catalogue essay, as “an almost perfect balance of religious *esprit*, chameleonic diplomacy and an unsentimentally practical mercantile system.” Half of Venice's existence relied on maintaining good diplomatic relations with the Mamluks and Ottomans, whereas the other saw its role as defending Christendom (see “St Stephen Preaching in Jerusalem” by Carpaccio, pictured above), provisioning Crusader ships and offering pilgrims trips to the Holy Land.

The exhibition opens with an anonymous painting in which 16th-century Venetian diplomats, identifiable only by their simple dress in comparison with the rich garb of the locals, are being presented to a Mamluk leader. This painting, like others of the era, records an easy trading partnership nurtured through diplomacy. A century later, Venice's trading power had declined and her depiction of the Islamic world portrayed the “infidel” as a figure of fun or of fear, with countless carvings of Turks in chains adorning the prows of her ships. It is that earlier, easier relation-ship, founded on mutual fascination and respect that this exhibition explores.

Across the room, a striking Lorenzo Lotto portrait shows a middle-class family proudly displaying an Anatolian carpet, an expensive status symbol. Turkish carpets were so valuable that they were often rented out so people could hang them from their windows on festive days. Lotto painted so many canvases with carpets in them that this kind of patterned rug is known as a “Lotto carpet”. There is one on display beside the painting.

There was rich artistic and cultural exchange between East and West. Glassblowing, of course, came from

the Islamic world. The vessels on display here show how the Venetians emulated the Islamic art of enamelling glass in gold and colour. Leather bookbindings, pigments for paints and *majolica* (white-glazed pottery) all came from the East, although the Venetians never succeeded in imitating the perfect ruby glaze of Iznik pottery. The trade worked both ways, with Venetians exporting jewels, books, silks and ingenious mechanical tools to the East. The exhibition overflows with surprising hybrids, such as a Mamluk carpet woven with a *menorah* from a synagogue in Padua and the first printed Koran, made in Venice for the Turkish market in the 15th century.

Despite the constant flow of merchants, few artists travelled to the East. The exception was Gentile Bellini, who was sent to Istanbul as a diplomatic gift in 1479-81. Sultan Mehmet II, the conqueror of Constantinople, wanted his portrait painted and since Islamic painting focused on calligraphy and miniatures, being painted by a top Venetian portraitist was the ultimate luxury. Bellini's profile portrait of Mehmet sniffing a rose is a masterpiece of cross-cultural exchange: Mehmet appears as a civilised ruler rather than a threat, yet in its colour and composition this portrait is unmistakably the handiwork of a Venetian master, testament to the city's artistic pre-eminence.

The Institut du Monde Arabe specialises in exploring cultural links between the Western world and the Middle East. This exhibition does just that. Its only weakness is that the Institut's dark rooms are a poor showcase. The Met's display promises to be better.

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“Venise et l'Orient” is at the Institut du Monde Arabe, Paris, until February 18th 2007 and then at the Metropolitan Museum of Art, New York, from March 27th until July 8th.

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About sponsorship

Portraiture

# Marking the changes

Dec 19th 2006 | PARIS
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**Modern portraiture had its roots in the French revolution**

musee de lArmee, Paris

**Which is the mightier? Monarchy...**

IN 1806 Jean-Auguste-Dominique Ingres finished a monumental portrait of Napoleon (pictured left), sitting four-square on a gilded throne. He wore a Roman emperor's laurel crown, the embroidered gold slippers of a medieval king and an ermine shoulder cape that was grander than the pope's. There is no missing the symbolism here; this is a portrait of monarchy itself, invincibility in its purest form.

In 1812, Jacques-Louis David, another celebrated French portraitist, painted Napoleon (pictured below) bareheaded and surrounded by the trappings of the working ruler—the candle burning low, the clock set to the wee hours, the desk strewn with papers. The image is so intimate that the artist has taken care to show that Napoleon dressed to the left. Here, clearly, the man is greater than the office.

The difference between the two pictures could hardly be more marked. Ingres's 1806 portrait seems to belong to an earlier generation, even another age. Indeed there is a closer connection between Ingres's Napoleon and Antoine-François Callet's 1789 portrait of Louis XVI—in velvet, silver slippers and powdered *perruque*, it surely represents the last gasp before the revolution—than between the two versions of Napoleon that were painted only six years apart.

The three decades that spanned either side of 1800 (from the American revolution to the succession of the French citizen-king, Louis-Philippe) saw tumultuous change on both sides of the Atlantic. Debates raged over man's right to think independently and to rule himself, new political creeds were introduced by revolution, a hard-working middle class began to emerge, Rousseau led a fashion for promoting the family, especially the role of the mother, while the newly enlightened eschewed sumptuous dress in favour of simpler clothes proclaiming the wearers as rational, emotive and virtuous beings.

National Gallery of Art, Washington

The ideological swings and social changes that ensued found expression in the work of portraitists in France, Britain and America. An exhibition in Paris shows how this process evolved. There is a magnificent array of portraits of poets and actresses, and an impressive showing by the women artists of the French Revolution.

Gilbert Stuart's portrait of George Washington marks a mid-way stage between the opulence of George III as king and the working faces of the American revolution. In Britain, paintings such as Sir Joshua Reynolds's playful portrait of Georgiana, Duchess of Devonshire, and her little barefoot daughter and Henry Walton's “Sir Robert and Lady Buxton and their Daughter, Anne”, with their books scattered around, emphasise how the Enlightenment focused in a more rounded way on parents as individuals, preferring mothers who inspired and fathers who taught.

When the 18th century gave way to the more pious Victorian age, the Enlightenment came to be widely seen as having turned its back on

religion and of having no moral base. Yet the Enlightenment thinkers had struck a chord. It is noticeable in this show how much closer the British masters of the period—Reynolds, Gainsborough, George Romney and Joseph Wright of Derby—are to our own modern sensibility than many who came later.

Similarly, Dmitri Levitsky's 1773 portrait of Katerina Khrouchtchova and princess Katerina Khovanskaia and Fedot Ivanovich Choubine's bust of Catherine the Great, carved two years earlier, show that although the Russian revolution would not come for another century and a half, Russia was not immune to the emphasis on the personal and the domestic that was thrown up by the Enlightenment.

The German-born empress was ruthless enough to have engaged Russia in a number of military confrontations and succeeded in considerably increasing Russia's territories. Yet here she is, at the age of 42 and after nearly a decade on the throne, looking carefree, sexually confident and infused with a rich sense of humour. It is hard to imagine Louis XVI, or Queen Victoria for that matter, agreeing to be portrayed in this way.

**...or man?**

The paintings and sculptures in this show are impressive. But the haphazard arrangement—over two floors and in a series of poorly aligned rooms—weakens the presentation, as do the catalogue's woolly intellectual arguments. These weaknesses will be remedied when the show moves on in the new year, to London and then to America, both of whose museums have loaned many of the paintings. The inclusion of sculptures was a brave move, but these may be of greater interest to art historians than to other visitors. With fewer busts and more pictures, it will be easier to follow the social and aesthetic development of the portraiture of the time. In particular, the exhibition would benefit from more American work. A broad range of portraits exists from this period, and a more nuanced selection would add greatly to our understanding of the period.

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"Portraits Publics, Portraits Privés: 1770-1830" is at the Grand Palais, Paris, until January 9th 2007. Renamed "Citizens and Kings: Portraits in the Age of Revolution" the exhibition will be at the Royal Academy of Arts, London, from February 3rd until April 12th, and will then travel to the United States (venue to be confirmed).

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About sponsorship

# Jeane Kirkpatrick

Dec 19th 2006
From The Economist print edition

**Jeane Kirkpatrick, academic and ambassador, died on December 7th, aged 80**

AP

IN THE strangest way, Jeane Kirkpatrick seemed to haunt Washington in the days before she died. When the Iraq Study Group produced its report, voices from the right lamented that the panel had not featured, alongside Jim Baker and Ed Meese and Sandra Day O'Connor, that angular, high-cheekboned, coolly intelligent face. In public Mrs Kirkpatrick had the look of having sucked on a lemon, or heard too much liberal and relativist claptrap. She, in contrast, was the voice of forceful neoconservative common sense.

For most of the 1980s, as perhaps Ronald Reagan's most influential foreign-policy adviser, she supported military interventions, covert proxy wars, the coddling of anti-communist dictators and the full-blooded, unapologetic pursuit of America's national interests. Asked 20 years later about Iraq, old age or greater wisdom seemed to have tamed her. George Bush junior was “a bit too interventionist for my taste”. As for moral imperialism, “I don't think there is one scintilla of evidence that such an idea is taken seriously anywhere outside a few places in Washington, DC.”

Certain sentences from her most famous article, “Dictatorships and Double Standards”—written on her summer holiday in France, published in *Commentary* magazine in November 1979—now induce a sigh. “No idea holds greater sway in the mind of educated Americans than the belief that it is possible to democratise governments, anytime and anywhere, under any circumstances.” “Decades, if not centuries, are normally required for people to acquire the necessary disciplines and habits. In Britain, the road [to democratic government] took seven centuries to traverse.” “The speed with which armies collapse, bureaucracies abdicate, and social structures dissolve once the autocrat is removed frequently surprises American policymakers.” Yes indeed.

Yet Mrs Kirkpatrick's presence on the ISG would not have been a calming one. In the Reagan cabinet, into which her *Commentary* article had suddenly translated her from her professorial suite at Georgetown, she distrusted consensus, and did not know the meaning of the word “team-player”. Her relations with Alexander Haig, Reagan's first secretary of state, were poisonous; with George Shultz, his second, sorely strained. Neither man liked to have competition, least of all a woman's, for the president's ever-drifting ear. Mr Haig and Mrs Kirkpatrick, who sat on the National Security Council, fell out over the Falklands war, where she had an embarrassingly soft spot for Argentina's General Galtieri; Mr Shultz and she came to blows over the illegal scheme—“an impeachable offence”, as he mildly told her—to find

extra-congressional funding for the Nicaraguan contras. Mrs Kirkpatrick made it an open secret that she wanted to be secretary of state herself, or at least head of the NSC. Over his dead body, implied Mr Shultz.

Her actual job was ambassador to the United Nations, the first woman to do it. She found the UN a dangerous place, the work miserable, and Security Council debates “more like a mugging than anything else”. There, too, her shade seemed to haunt the corridors in the days before she died. Her style at the General Assembly was a model for John Bolton's, confrontational and blunt to a degree, and the present ambassador, as he resigned amid general hooting, candidly acknowledged his debt to her. But times were different then. Mrs Kirkpatrick represented an America that had become, under Jimmy Carter, an apologetic and unconfident country. She saw no need to compromise or conciliate on anything, but instead came out furiously fighting against the “expansionist” Soviet Union and its client states. “There is...only one revolutionary society in the contemporary world,” she cried in 1984, “and that is our society.”

## Leftish leanings

Reagan adored her, telling her she had removed from America's back the sign that said “Kick Me”. She reciprocated, enjoying his gallantry and sunny self-confidence; but it took a while, because she had never spent time with a Republican before. Her family, dragged from Oklahoma to Illinois by a wild-catter father prospecting for oil, were all Texas Democrats. She herself, for a time, signed up to the minuscule Socialist Party of America and had a Marxist teacher. She was pro-union all her life, and indeed stayed a Democrat in name until 1985. But by that time she was also calling her party the “Blame America first” crowd. She mocked them at the Republican convention of 1984 for their leftish, appeasing, lily-livered ways. To become a Republican was now her only recourse.

Briefly, at the end of Reagan's second term, she thought of running for president herself. Anything to keep out of the White House that wimpish, generalising, accommodating man, George Bush senior. Several colleagues thought she might have made a great commander-in-chief; Michael Novak, going further, said he wanted her to be empress of the world. But her heart was truly in academe, to which she returned. She had never wanted to do anything else—outside the ambit of a long, happy marriage and children—except be a professor of political science. That, and see America bestriding the world again, bathed in “its glorious legitimacy and success”, and never saying sorry.

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# Overview

Dec 19th 2006
From The Economist print edition

The **dollar** strengthened to less than $1.31 to the euro. The yen fell against the euro to a record low of over ¥155.

**America's consumer prices** were flat in November, after declining by 0.5% in each of the previous two months. Prices for energy and transport fell once again. Core inflation, which excludes food and energy, was also 0%. In the year to November, headline inflation rose by 2%; core inflation by 2.6%. American industry operated at 81.8% of full **capacity** in November, still above its long-run average of 81%. Production in the sector rose by 0.2% in November, leaving it 3.8% higher than a year earlier.

**America's** current-account deficit widened to $225.6 billion in the third quarter, a record in dollar terms, and $880.3 billion over the past 12 months. The investment income the country received on its overseas assets amounted to $2.1 billion less than it paid out on foreign-owned assets in America.

Business conditions brightened in **Japan**, according to the central bank's December Tankan survey. The difference between the share of big manufacturers reporting “favourable” business conditions and the share reporting unfavourable circumstances was 25 percentage points. Among large non-manufacturers, the index reached its highest level in 15 years.

Annual inflation in the **euro area** was revised up to 1.9% in November, compared with 1.6% in October. It ranged from 3.2% in Greece to 1.3% in Finland. Industrial production fell by 0.1%, seasonally adjusted, in October.

The **euro area** ran a merchandise trade surplus of €2.4 billion ($3.1 billion) in October, its second monthly surplus in a row. Exports to countries outside the single-currency zone grew by 17% compared with the year before; imports grew by 15%.

In **Britain** average earnings, including bonuses, rose by 4.1% in the three months to October, compared with the same period of 2005. The unemployment rate was 5.5%, up from 4.9% the year before.

The Riksbank, **Sweden's central bank**, raised its key interest rate by a quarter point, to 3%. It expects to raise them again, although annual inflation (1.7% in November) remains below its target of around 2%.

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# Output, demand and jobs

Dec 19th 2006
From The Economist print edition

% change on year ago

| | GDP latest | | GDP qtr* | The Economist poll GDP forecasts 2006 | 2007 | Industrial production latest | | Retail sales (volume) latest | | Unemployment % rate latest | | year ago |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Australia** | + 2.2 | Q3 | + 1.2 | + 2.6 | + 3.0 | – 3.0 | Q2 | + 3.2 | Q3 | 4.6 | Nov | 5.1 |
| **Austria** | + 3.2 | Q3 | + 3.6 | + 2.8 | + 2.3 | + 5.9 | Sep | + 0.6 | Sep | 4.7 | Nov | 5.2 |
| **Belgium** | + 3.1 | Q3 | + 2.5 | + 2.8 | + 2.0 | + 7.9 | Oct | – 2.5 | Sep | 12.3 | Oct† | 13.2 |
| **Britain** | + 2.7 | Q3 | + 2.7 | + 2.6 | + 2.4 | + 0.6 | Oct | + 3.2 | Nov | 5.5 | Oct‡ | 4.9 |
| **Canada** | + 2.5 | Q3 | + 1.7 | + 2.8 | + 2.5 | – 1.7 | Sep | + 8.4 | Sep | 6.3 | Nov | 6.4 |
| **Denmark** | + 3.8 | Q3 | + 2.5 | + 3.3 | + 2.3 | + 5.1 | Oct | + 0.7 | Oct | 4.1 | Oct | 5.4 |
| **France** | + 1.8 | Q3 | – 0.1 | + 2.1 | + 2.0 | + 2.3 | Oct | + 2.9 | Oct | 8.8 | Oct | 9.7 |
| **Germany** | + 2.8 | Q3 | + 2.6 | + 2.4 | + 1.5 | + 3.2 | Oct | – 0.8 | Oct | 10.2 | Nov§ | 11.5 |
| **Italy** | + 1.7 | Q3 | + 1.1 | + 1.7 | + 1.3 | + 3.7 | Oct | + 0.2 | Sep | 7.0 | Q2 | 7.8 |
| **Japan** | + 1.6 | Q3 | + 0.8 | + 2.8 | + 2.0 | + 7.4 | Oct | – 0.1 | Oct | 4.1 | Oct | 4.5 |
| **Netherlands** | + 2.6 | Q3 | + 2.6 | + 2.7 | + 2.3 | + 2.1 | Oct | + 2.8 | Sep | 5.4 | Nov†† | 6.4 |
| **Spain** | + 3.8 | Q3 | + 3.6 | + 3.5 | + 2.9 | + 7.4 | Oct | + 3.0 | Oct | 8.4 | Oct | 8.8 |
| **Sweden** | + 4.4 | Q3 | + 4.1 | + 4.4 | + 3.2 | + 2.6 | Oct | + 9.3 | Oct | 4.3 | Nov† | 5.0 |
| **Switzerland** | + 2.4 | Q3 | + 1.5 | + 2.9 | + 2.1 | + 4.3 | Q2 | + 0.6 | Oct | 3.1 | Nov† | 3.7 |
| **United States** | + 3.0 | Q3 | + 2.2 | + 3.3 | + 2.2 | + 3.8 | Nov | + 5.8 | Oct | 4.5 | Nov | 5.0 |
| **Euro area** | + 2.7 | Q3 | + 2.0 | + 2.6 | + 1.9 | + 3.6 | Oct | + 1.1 | Oct | 7.7 | Oct | 8.5 |
| **MORE COUNTRIES** | Data for the countries below are not provided in printed editions of *The Economist* | | | | | | | | | | | |
| **Finland** | + 5.8 | Q3 | + 3.6 | na | na | + 1.2 | Oct | + 4.4 | Oct | 7.5 | Nov | 8.3 |
| **Greece** | + 4.4 | Q3 | na | na | na | + 1.6 | Oct | +12.2 | Sep | 8.3 | Q3 | 9.7 |
| **Iceland** | + 0.8 | Q3 | + 0.3 | na | na | na | | na | | 1.0 | Sep† | 1.4 |
| **Ireland** | + 5.0 | Q2 | + 3.6 | na | na | + 5.8 | Oct | + 9.2 | Oct | 4.5 | Nov | 4.5 |
| **Luxembourg** | + 5.4 | Q2 | na | na | na | – 0.2 | Aug | + 0.5 | Oct | 4.5 | Oct | 4.4 |
| **New Zealand** | + 1.6 | Q2 | + 1.7 | na | na | + 0.5 | Q2 | + 1.0 | Q3 | 3.8 | Q3 | 3.7 |
| **Norway** | + 2.6 | Q3 | + 5.2 | na | na | – 4.5 | Oct | + 8.3 | Oct | 3.3 | Sep** | 4.8 |
| **Portugal** | + 1.5 | Q3 | – 0.6 | na | na | + 3.5 | Oct | – 0.1 | Oct | 7.4 | Q3† | 7.7 |

*% change on previous quarter at an annual rate. †Not seasonally adjusted. ‡Aug-Oct; claimant count rate 3.0% in Nov.
§EU harmonised rate 8.2% in Oct. ††Sep-Nov. **Jul-Sep.

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# Prices and wages

Dec 19th 2006
From The Economist print edition

% change on year ago

| | Consumer prices | | | The Economist poll consumer prices forecast | | Producer prices | | | Wages/earnings | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | latest | | year ago | 2006 | 2007 | latest | | year ago | latest | | year ago |
| **Australia** | + 3.9 | Q3 | + 3.0 | + 3.4 | + 2.7 | + 7.9 | Q3 | + 6.2 | + 3.9 | Q3 | + 6.0 |
| **Austria** | + 1.6 | Nov | + 1.6 | + 1.6 | + 1.6 | + 3.5 | Nov | + 0.9 | + 2.7 | Oct | + 2.3 |
| **Belgium** | + 1.5 | Nov | + 2.6 | + 2.2 | + 1.9 | + 5.6 | Oct | + 1.6 | + 2.4 | Oct | + 2.3 |
| **Britain** | + 2.7 | Nov* | + 2.1 | + 2.3 | + 2.1 | + 1.8 | Nov | + 2.3 | + 4.1 | Oct† | + 3.6 |
| **Canada** | + 0.9 | Oct | + 2.6 | + 2.1 | + 2.0 | + 1.2 | Oct | + 1.6 | – 0.2 | Sep | – 1.9 |
| **Denmark** | + 1.7 | Nov | + 2.0 | + 1.9 | + 1.9 | + 2.5 | Oct | + 4.3 | + 3.1 | Q3 | + 2.8 |
| **France** | + 1.4 | Nov | + 1.6 | + 1.9 | + 1.5 | + 2.4 | Oct | + 3.0 | + 2.9 | Q3 | + 3.1 |
| **Germany** | + 1.5 | Nov | + 2.3 | + 1.7 | + 2.2 | + 3.7 | Nov | + 2.2 | + 0.6 | Sep | + 1.0 |
| **Italy** | + 1.8 | Nov | + 2.2 | + 2.2 | + 1.9 | + 4.9 | Oct | + 4.0 | + 3.3 | Oct | + 3.0 |
| **Japan** | + 0.4 | Oct | – 0.8 | + 0.2 | + 0.5 | + 2.7 | Nov | + 2.0 | + 0.6 | Oct | + 0.4 |
| **Netherlands** | + 1.0 | Nov | + 1.8 | + 1.6 | + 1.7 | + 2.1 | Oct | + 4.6 | + 2.0 | Nov | + 0.9 |
| **Spain** | + 2.6 | Nov | + 3.4 | + 3.6 | + 2.8 | + 3.4 | Oct | + 4.9 | + 3.1 | Q2 | + 3.4 |
| **Sweden** | + 1.7 | Nov | + 0.8 | + 1.4 | + 1.8 | + 4.2 | Oct | + 4.1 | + 2.5 | Sep | + 3.5 |
| **Switzerland** | + 0.5 | Nov | + 1.0 | + 1.2 | + 1.1 | + 2.3 | Oct | + 1.1 | + 1.0 | 2005 | + 0.9 |
| **United States** | + 2.0 | Nov | + 3.5 | + 3.3 | + 2.1 | – 1.6 | Oct | + 5.9 | + 4.1 | Nov | + 3.0 |
| **Euro area** | + 1.9 | Nov | + 2.3 | + 2.2 | + 2.1 | + 4.0 | Oct | + 4.2 | + 2.0 | Q3 | + 2.1 |
| **MORE COUNTRIES** | Data for the countries below are not provided in printed editions of *The Economist* | | | | | | | | | | |
| **Finland** | + 2.1 | Nov | + 0.8 | na | na | + 5.8 | Oct | + 3.3 | + 3.5 | Q3 | + 4.0 |
| **Greece** | + 2.9 | Nov | + 3.5 | na | na | + 2.3 | Oct | + 6.3 | na | | na |
| **Iceland** | + 7.0 | Dec | + 4.1 | na | na | +12.2 | Nov | + 3.9 | +11.0 | Oct | + 6.9 |
| **Ireland** | + 4.4 | Nov | + 2.6 | na | na | + 0.1 | Oct | + 0.9 | + 4.1 | Q2 | + 3.5 |
| **Luxembourg** | + 2.0 | Nov | + 2.5 | na | na | + 9.5 | Sep | + 3.3 | + 1.8 | Sep | + 2.5 |
| **New Zealand** | + 3.5 | Q3 | + 3.4 | na | na | + 6.9 | Q3 | + 6.1 | + 3.2 | Q3 | + 3.1 |
| **Norway** | + 2.6 | Nov | + 1.8 | na | na | + 6.7 | Nov | +17.9 | + 3.8 | Q3 | + 2.7 |
| **Portugal** | + 2.7 | Oct | + 2.7 | na | na | + 2.6 | Oct | + 4.0 | + 0.9 | Oct | + 0.2 |

*RPI inflation rate 3.9% in Nov. †Aug-Oct.

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# Manufacturing activity

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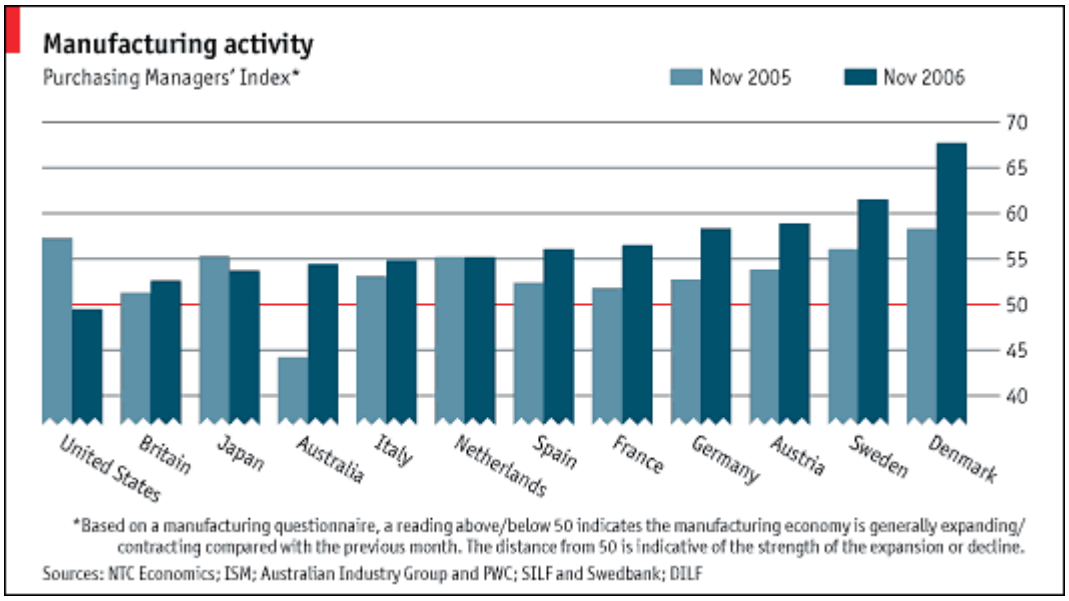
From The Economist print edition

The buoyancy of most rich countries' manufacturing industries is reflected in the healthy state of purchasing managers' indices. Managers in all but one of the countries in our chart report that activity is expanding. The exception is America, which is also one of only two countries where manufacturing activity has weakened in the past year. The other is Japan.

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# Money and interest rates

Dec 19th 2006
From The Economist print edition

| | Money supply* % change on year ago | | | Interest rates % p.a. (Dec 18th 2006) | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | 3-mth money market | | 2-year gov't bonds | 10-year gov't bonds | | corporate bonds |
| | narrow | broad | | latest | year ago | | latest | year ago | |
| **Australia** | +11.4 | +13.0 | Oct | 6.40 | 5.64 | 6.17 | 5.64§ | 5.46 | 6.92 |
| **Britain** | + 5.5 | +14.1 | Oct | 5.27 | 4.59 | 5.12 | 4.62§ | 4.26 | 5.72 |
| **Canada** | +14.2 | + 8.6 | Oct | 4.16 | 3.35 | 3.97 | 3.96§ | 4.16 | 5.10 |
| **Denmark** | + 8.2 | + 9.1 | Oct | 3.62 | 2.45 | 3.80 | 3.68§ | 3.34 | 5.20 |
| **Japan** | + 0.3 | + 0.7 | Nov | 0.44 | 0.02 | 0.82 | 1.62§ | 1.56 | 1.81 |
| **Sweden** | - 0.6 | +10.6 | Oct | 2.94 | 1.68 | 3.62 | 3.57§ | 3.38 | 3.97 |
| **Switzerland** | - 2.3 | + 2.4 | Oct | 2.04 | 0.99 | 2.39 | 2.48 | 2.03 | 2.72 |
| **United States** | - 0.5 | + 5.1 | Nov | 5.25 | 4.23 | 4.72 | 4.57§ | 4.53 | 5.74 |
| **Euro area†** | + 6.3 | + 8.5 | Oct | 3.70 | 2.48 | 3.81 | 3.70§ | 3.37 | 4.41 |

*Narrow: M1 except Britain notes and coin and Sweden M0, broad: M2 or M3 except Britain M4. †Germany for bonds. §Dec 13th
Benchmarks: US 30-year 4.72%, Japan No. 284 1.68%. Central bank rates: US fed funds 5.25%, ECB refinancing 3.50%, BOJ overnight call 0.25%, BOE repo 5.0%. Sources: Bank of Canada, Commerzbank, Danske Bank, Global Insight, JPMorgan Chase, Stockholmsbörsen, UBS, Westpac, Thomson Datastream. Rates cannot be construed as banks' offers.

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# The Economist commodity price index

Dec 19th 2006
From The Economist print edition

2000=100

| | Dec 12th | Dec 15th* | % change on one month | % change on one year |
|---|---|---|---|---|
| **Dollar index** | | | | |
| All items | 186.3 | 186.4 | + 2.6 | + 29.6 |
| Food | 152.6 | 153.7 | + 1.4 | + 19.3 |
| Industrials | | | | |
| All | 229.8 | 228.7 | + 3.7 | + 40.0 |
| Nfa† | 139.8 | 139.4 | + 3.9 | + 3.6 |
| Metals | 278.9 | 277.5 | + 3.6 | + 55.0 |
| **Sterling index** | | | | |
| All items | 143.6 | 144.8 | - 0.2 | + 16.8 |
| **Euro index** | | | | |
| All items | 130.1 | 131.7 | + 0.6 | + 17.7 |
| **Yen index** | | | | |
| All items | 202.4 | 203.6 | + 2.4 | + 30.4 |
| **Gold** | | | | |
| $ per oz | 628.68 | 623.68 | - 0.8 | + 24.2 |
| **West Texas Intermediate** | | | | |
| $ per barrel | 60.94 | 63.25 | + 9.3 | + 9.5 |

*Provisional. †Non-food agriculturals.

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# Stockmarkets

Dec 19th 2006
From The Economist print edition

Market indices

| | Dec 18th | 2006 high | 2006 low | % change on one week | % change on record high | Dec 30th 2005 in local currency | Dec 30th 2005 in $ terms |
|---|---|---|---|---|---|---|---|
| Australia (All Ordinaries) | 5,572.2 | 5,572.2 | 4,708.8 | + 2.1 | nil | +18.3 | +25.6 |
| Austria (ATX) | 4,454.9 | 4,454.9 | 3,324.1 | + 3.7 | nil | +21.5 | +34.6 |
| Belgium (Bel 20) | 4,359.8 | 4,359.8 | 3,445.1 | + 1.8 | nil | +22.8 | +36.1 |
| Britain (FTSE 100) | 6,247.4 | 6,260.0 | 5,506.8 | + 1.4 | - 9.9 | +11.2 | +26.0 |
| Canada (Toronto Composite) | 12,785.2 | 13,021.8 | 10,904.3 | - 0.7 | - 1.8 | +13.4 | +14.5 |
| Denmark (OMXCB) | 422.1 | 422.1 | 325.0 | + 1.9 | nil | +14.7 | +27.2 |
| France (SBF 250) | 3,924.7 | 3,930.1 | 3,244.2 | + 1.8 | - 10.6 | +18.9 | +31.7 |
| France (CAC 40) | 5,530.3 | 5,541.6 | 4,615.4 | + 1.9 | - 20.1 | +17.3 | +29.9 |
| Germany (DAX)* | 6,597.3 | 6,597.3 | 5,292.1 | + 2.0 | - 18.2 | +22.0 | +35.1 |
| Italy (S&P/MIB) | 41,350.0 | 41,419.0 | 34,850.0 | + 1.1 | - 17.5 | +15.8 | +28.3 |
| Japan (Nikkei 225) | 16,962.1 | 17,563.4 | 14,218.6 | + 2.6 | - 56.4 | + 5.3 | + 5.2 |
| Japan (Topix) | 1,665.3 | 1,783.7 | 1,458.3 | + 2.3 | - 42.3 | + 0.9 | + 0.9 |
| Netherlands (AEX) | 494.4 | 497.5 | 412.9 | + 3.1 | - 29.5 | +13.2 | +25.4 |
| Spain (Madrid SE) | 1,576.8 | 1,583.1 | 1,156.8 | + 0.9 | - 0.4 | +36.4 | +51.1 |
| Sweden (Affarsvarlden Gen) | 359.8 | 359.8 | 275.2 | + 2.5 | - 10.1 | +22.6 | +40.9 |
| Switzerland (Swiss Market) | 8,824.3 | 8,835.6 | 7,154.9 | + 2.7 | - 0.1 | +16.4 | +25.2 |
| United States (DJIA) | 12,441.3 | 12,445.5 | 10,667.4 | + 0.9 | nil | +16.1 | +16.1 |
| United States (S&P 500) | 1,422.5 | 1,427.1 | 1,223.7 | + 0.7 | - 6.9 | +14.0 | +14.0 |
| United States (NASDAQ Comp) | 2,435.6 | 2,466.0 | 2,020.4 | - 0.3 | - 51.8 | +10.4 | +10.4 |
| Europe (FTSEurofirst 300)† | 1,487.5 | 1,489.1 | 1,238.7 | + 2.1 | - 12.8 | +16.6 | +29.2 |
| Euro area (FTSE Euro 100)† | 1,278.3 | 1,280.1 | 1,050.0 | + 1.8 | - 17.6 | +17.4 | +30.0 |
| World (MSCI)‡ | 1,480.0 | 1,483.8 | 1,243.9 | + 0.7 | - 0.3 | +17.7 | +17.7 |
| World bond market (Citigroup)†† | 659.0 | 675.0 | 612.1 | - 1.1 | - 2.4 | + 6.2 | + 6.2 |

*Total return index. †In euro terms. ‡Morgan Stanley Capital International index includes individual markets listed above plus eight others, in $ terms. ††Citigroup World Government Bond Index, total return, in $ terms.

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# Trade, exchange rates and budgets

Dec 19th 2006
From The Economist print edition

| | Trade balance*, $bn latest 12 months | | Current-account balance $bn latest 12 mths | | The Economist poll % of GDP, forecast 2006 | 2007 | Exchange rate trade-weighted† 2000=100 Dec 20th | year ago | Currency units per $ Dec 20th | year ago | per £ | per euro | per ¥100 | Budget balance % of GDP 2006‡ |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Australia | − 10.2 | Oct | − 39.5 | Q3 | − 5.5 | − 5.1 | 119.8 | 116.7 | 1.27 | 1.36 | 2.50 | 1.69 | 1.09 | + 2.5 |
| Austria | − 1.2 | Sep | + 9.2 | Q2 | + 1.4 | + 1.4 | 105.7§ | 104.8 | 0.76 | 0.85 | 1.48 | – | 0.64 | − 1.3 |
| Belgium | + 15.5 | Oct | + 6.5 | Jun | + 1.8 | + 2.1 | 107.4§ | 106.4 | 0.76 | 0.85 | 1.48 | – | 0.64 | nil |
| Britain | −149.4 | Oct | − 64.4 | Q2 | − 2.6 | − 2.7 | 103.3 | 98.6 | 0.51 | 0.58 | – | 0.67 | 0.43 | − 3.0 |
| Canada | + 51.6 | Oct | + 28.9 | Q3 | + 1.4 | + 0.8 | 124.3 | 124.1 | 1.15 | 1.17 | 2.27 | 1.53 | 0.98 | + 0.9 |
| Denmark | + 7.5 | Oct | + 7.7 | Oct | + 2.3 | + 2.2 | 106.6 | 105.8 | 5.63 | 6.31 | 11.1 | 7.45 | 4.81 | + 3.4 |
| France | − 36.3 | Oct | − 42.4 | Oct | − 1.6 | − 1.3 | 108.3§ | 107.0 | 0.76 | 0.85 | 1.48 | – | 0.64 | − 2.7 |
| Germany | +194.6 | Oct | +114.8 | Oct | + 3.1 | + 3.2 | 110.0§ | 108.4 | 0.76 | 0.85 | 1.48 | – | 0.64 | − 2.3 |
| Italy | − 27.7 | Oct | − 39.1 | Sep | − 2.3 | − 1.9 | 107.9§ | 106.7 | 0.76 | 0.85 | 1.48 | – | 0.64 | − 4.8 |
| Japan | + 76.7 | Oct | +168.3 | Oct | + 3.7 | + 3.7 | 78.4 | 82.5 | 117 | 117 | 230 | 155 | – | − 4.6 |
| Netherlands | + 38.2 | Oct | + 63.2 | Q3 | + 7.3 | + 6.3 | 108.3§ | 107.1 | 0.76 | 0.85 | 1.48 | – | 0.64 | − 0.4 |
| Spain | −107.4 | Sep | − 98.4 | Aug | − 8.2 | − 8.0 | 105.8§ | 105.0 | 0.76 | 0.85 | 1.48 | – | 0.64 | + 1.4 |
| Sweden | + 19.3 | Oct | + 26.2 | Q3 | + 6.5 | + 6.1 | 100.8 | 95.0 | 6.81 | 7.98 | 13.4 | 9.02 | 5.82 | + 2.9 |
| Switzerland | + 9.2 | Oct | + 55.3 | Q2 | +13.8 | +12.9 | 104.6 | 106.0 | 1.20 | 1.32 | 2.36 | 1.59 | 1.03 | + 0.2 |
| United States | −842.2 | Oct | −880.3 | Q3 | − 6.6 | − 6.4 | 83.6 | 87.6 | – | – | 1.97 | 1.32 | 0.85 | − 2.3 |
| Euro area | − 22.9 | Oct | − 35.3 | Sep | − 0.3 | − 0.1 | 120.0 | 115.2 | 0.76 | 0.85 | 1.48 | – | 0.64 | − 2.1 |
| MORE COUNTRIES | Data for the countries below are not provided in printed editions of *The Economist* | | | | | | | | | | | | | |
| Finland | + 11.4 | Oct | + 11.8 | Oct | na | na | 109.2§ | 107.9 | 0.76 | 0.85 | 1.48 | – | 0.64 | + 2.5 |
| Greece | − 41.3 | Sep | − 26.8 | Sep | na | na | 104.9§ | 104.0 | 0.76 | 0.85 | 1.48 | – | 0.64 | − 2.6 |
| Iceland | − 1.9 | Oct | − 3.9 | Q3 | na | na | 90.1** | 102.7 | 69.0 | 63.9 | 136 | 91.4 | 58.9 | + 4.1 |
| Ireland | + 37.1 | Sep | − 6.0 | Q2 | na | na | 113.4§ | 111.7 | 0.76 | 0.85 | 1.48 | – | 0.64 | + 1.0 |
| Luxembourg | − 5.4 | Sep | + 4.2 | Q2 | na | na | 107.4§ | 106.4 | 0.76 | 0.85 | 1.48 | – | 0.64 | − 1.3 |
| New Zealand | − 4.3 | Oct | − 10.2 | Q2 | na | na | 133.9 | 137.3 | 1.45 | 1.47 | 2.85 | 1.92 | 1.24 | + 3.5 |
| Norway | + 57.8 | Nov | + 56.0 | Q3 | na | na | 107.9 | 108.4 | 6.24 | 6.81 | 12.3 | 8.26 | 5.33 | + 19.3 |
| Portugal | − 23.1 | Sep | − 16.8 | Sep | na | na | 106.0** | 105.4 | 0.76 | 0.85 | 1.48 | – | 0.64 | − 4.6 |

*Merchandise. Australia, Britain, France, Canada, Japan and United States imports fob, exports fob. All others cif/fob. †Bank of England except §IMF, October average. ‡OECD forecast. **IMF, August average.

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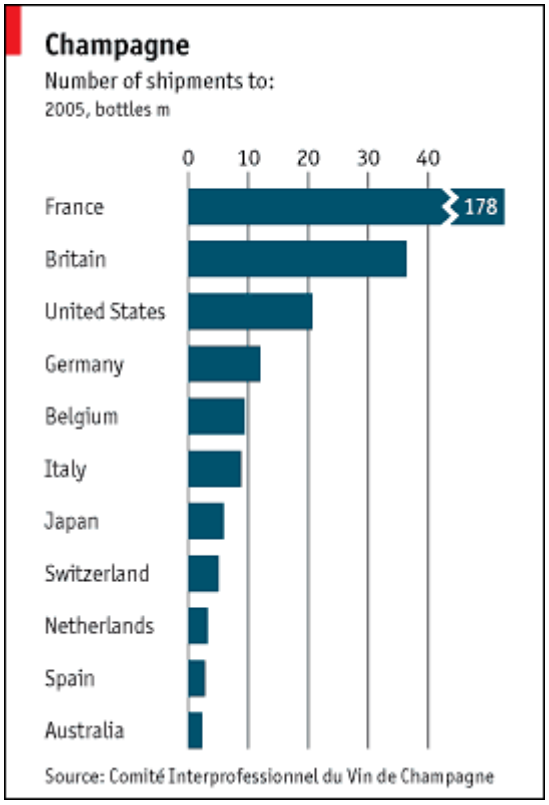
# Champagne

Dec 19th 2006
From The Economist print edition

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# Overview

Dec 19th 2006
From The Economist print edition

**Russia's** rate of GDP growth slowed to 6.5% in the year to the third quarter, from 7.4% in the year to the second. **Poland's** 12-month rate of consumer-price inflation rose in November, to 1.4% from 1.2% in October. So did **Hungary's**, to 6.4% from 6.3%.

**Argentina's** GDP grew by 8.7% in the year to the third quarter. The figure for the second quarter was revised to 7.7% from 7.9%.

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# Child mortality

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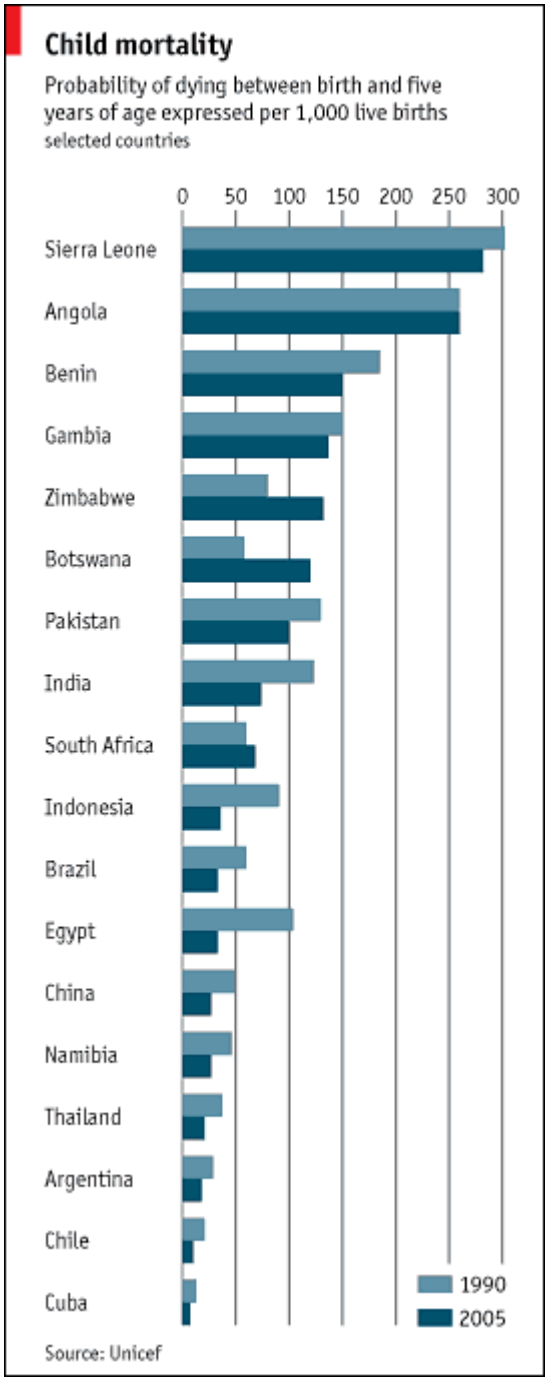
From The Economist print edition

In its annual report on the world's children, Unicef argues that greater equality between the sexes—which would mean, among other things, improving girls' education and encouraging more women to take part in politics—would do much to improve children's chances of survival past infancy. Of the countries in our chart, Botswana, South Africa and Zimbabwe have seen child mortality rates rise since 1990.

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# Economy

Dec 19th 2006
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| | % change on year ago | | | | | | Latest 12 months, $bn | | | | Foreign reserves* $bn, latest | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | GDP | | Industrial production | | Consumer prices | | Trade balance | | Current account | | | |
| China | +10.4 | Q3 | +14.9 | Nov | + 1.9 | Nov | +168.3 | Nov | +160.8 | 2005 | 987.9 | Sep |
| Hong Kong | + 6.8 | Q3 | – 0.6 | Q3 | + 2.0 | Oct | –16.7 | Oct | +18.6 | Q2 | 132.7 | Nov |
| India | + 9.2 | Q3 | + 6.2 | Oct | + 7.3 | Oct | –45.0 | Oct | –13.2 | Q2 | 168.4 | Nov |
| Indonesia | + 5.5 | Q3 | + 6.3 | Sep | + 5.3 | Nov | +38.3 | Oct | + 4.1 | Q2 | 40.1 | Nov |
| Malaysia | + 5.9 | Q3 | – 0.8 | Oct | + 3.1 | Oct | +28.4 | Oct | +20.0 | Q2 | 79.3 | Oct |
| Pakistan | + 6.6 | 2006† | + 6.8 | Sep | + 8.1 | Nov | –12.9 | Nov | – 6.0 | Q3 | 11.0 | Oct |
| Philippines | + 4.8 | Q3 | – 8.3 | Sep | + 4.7 | Nov | – 3.8 | Sep | + 4.3 | Jun | 19.5 | Nov |
| Singapore | + 7.2 | Q3 | + 1.5 | Oct | + 0.4 | Oct | +35.2 | Nov | +39.0 | Q3 | 135.3 | Nov |
| South Korea | + 4.6 | Q3 | + 4.6 | Oct | + 2.2 | Nov | +16.7 | Nov | + 4.0 | Oct | 234.3 | Nov |
| Taiwan | + 5.0 | Q3 | + 1.1 | Oct | + 0.2 | Nov | +22.0 | Nov | +26.3 | Q3 | 265.1 | Nov |
| Thailand | + 4.7 | Q3 | + 5.4 | Oct | + 3.5 | Nov | – 0.1 | Oct | + 2.0 | Oct | 60.7 | Oct |
| Argentina | + 8.7 | Q3 | + 7.3 | Oct | +10.0 | Nov | +11.6 | Oct | + 7.4 | Q2 | 28.0 | Oct |
| Brazil | + 3.2 | Q3 | + 4.8 | Oct | + 3.0 | Nov | +45.4 | Nov | +14.0 | Oct | 78.2 | Oct |
| Chile | + 2.9 | Q3 | + 4.7 | Oct | + 2.1 | Nov | +21.9 | Nov | + 5.2 | Q3 | 17.2 | Nov |
| Colombia | + 6.0 | Q2 | +14.9 | Sep | + 4.3 | Nov | + 0.4 | Sep | – 2.2 | Q2 | 15.3 | Nov |
| Mexico | + 4.6 | Q3 | + 4.6 | Oct | + 4.1 | Nov | – 5.8 | Oct | – 1.3 | Q3 | 82.5 | Oct |
| Peru | + 7.4 | Sep | + 8.2 | Sep | + 1.5 | Nov | + 8.2 | Oct | + 1.8 | Q3 | 15.8 | Nov |
| Venezuela | +10.2 | Q3 | +12.2 | Sep | +15.8 | Nov | +36.8 | Q3 | +29.7 | Q3 | 27.2 | Sep |
| Egypt | + 5.9 | Q1 | + 4.0 | 2005† | +12.2 | Nov | –11.1 | Q2 | + 3.5 | Q2 | 25.7 | Nov |
| Israel | + 4.8 | Q3 | + 6.2 | Sep | – 0.2 | Oct | – 7.6 | Oct | + 6.7 | Q3 | 28.5 | Nov |
| Saudi Arabia | + 4.7 | 2006‡ | na | | + 2.5 | Sep | +125.6 | 2005 | +90.0 | 2005 | 24.9 | Sep |
| South Africa | + 4.5 | Q3 | + 7.5 | Oct | + 5.4 | Oct | – 8.7 | Oct | –13.5 | Q3 | 22.5 | Nov |
| Czech Republic | + 5.8 | Q3 | +12.8 | Oct | + 1.5 | Nov | + 1.8 | Oct | – 5.2 | Q3 | 31.3 | Nov |
| Hungary | + 3.8 | Q3 | +10.6 | Oct | + 6.4 | Nov | – 2.9 | Oct | – 7.6 | Q2 | 20.7 | Oct |
| Poland | + 5.8 | Q3 | +14.6 | Oct | + 1.4 | Nov | – 3.8 | Sep | – 6.1 | Oct | 45.2 | Oct |
| Russia | + 6.5 | Q3 | + 3.0 | Nov | + 9.1 | Nov | +141.2 | Oct | +101.4 | Q3 | 281.0 | Nov |
| Turkey | + 3.4 | Q3 | + 2.5 | Oct | + 9.9 | Nov | –52.7 | Oct | –34.4 | Oct | 57.5 | Oct |
| **MORE COUNTRIES** | Data for the countries below are not provided in printed editions of *The Economist* | | | | | | | | | | | |
| Estonia | +11.6 | Q3 | + 7.0 | Oct | + 4.6 | Nov | – 3.0 | Sep | – 2.0 | Sep | 2.4 | Sep |
| Latvia | +11.8 | Q3 | + 3.9 | Oct | + 6.4 | Nov | – 4.4 | Sep | – 3.4 | Sep | 3.9 | Sep |
| Lithuania | + 6.4 | Q3 | na | | + 4.4 | Nov | – 4.6 | Sep | – 2.8 | Sep | 4.3 | Sep |
| Slovakia | + 9.8 | Q3 | +11.1 | Oct | + 4.3 | Nov | – 3.3 | Sep | – 4.9 | Aug | 12.6 | Sep |
| Slovenia | + 5.6 | Q3 | +10.7 | Oct | + 2.3 | Nov | – 1.9 | Oct | – 0.9 | Sep | 7.5 | Aug |

*Excluding gold, except Singapore and China; IMF definition. †Year ending June. ‡Economist Intelligence Unit estimate.

Sources: National statistics offices, central banks and stock exchanges; Thomson Datastream; Reuters; WM/Reuters; Hong Kong Monetary Authority; Centre for Monitoring Indian Economy; Bank Leumi le-Israel; Standard Bank Group

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# Financial markets

Dec 19th 2006
From The Economist print edition

| | Currency units | | | Interest rates | Stockmarkets | % change on | | |
|---|---|---|---|---|---|---|---|---|
| | per $ | | per £ | short-term | Dec 18th | | Dec 30th 2005 | |
| | Dec 18th | year ago | Dec 18th | % a year | | one week | in local currency | in $ terms |
| China | 7.82 | 8.07 | 15.2 | 2.88 | 2,452.1 | +7.0 | +100.8 | +107.3 |
| Hong Kong | 7.77 | 7.75 | 15.1 | 3.97 | 19,192.9 | +1.4 | + 29.0 | + 28.7 |
| India | 44.7 | 45.0 | 87.0 | 6.63 | 13,731.1 | +2.5 | + 46.1 | + 47.0 |
| Indonesia | 9,087 | 9,855 | 17,679 | 9.82 | 1,787.6 | +1.6 | + 53.8 | + 66.5 |
| Malaysia | 3.56 | 3.78 | 6.92 | 3.73 | 1,081.6 | – 1.8 | + 20.2 | + 27.8 |
| Pakistan | 60.9 | 59.9 | 119 | 10.34 | 10,341.4 | – 2.3 | + 8.2 | + 6.2 |
| Philippines | 49.3 | 53.2 | 96.0 | 6.56 | 2,877.8 | +1.3 | + 37.3 | + 47.6 |
| Singapore | 1.55 | 1.66 | 3.01 | 3.44 | 2,963.4 | +2.6 | + 26.2 | + 35.8 |
| South Korea | 927 | 1,016 | 1,804 | 4.73 | 1,433.2 | +3.1 | + 3.9 | + 13.3 |
| Taiwan | 32.6 | 33.2 | 63.4 | 1.84 | 7,624.6 | +0.2 | + 16.4 | + 17.3 |
| Thailand | 35.9 | 41.0 | 69.8 | 5.20 | 730.6 | – 1.4 | + 2.4 | + 16.9 |
| Argentina | 3.06 | 3.04 | 5.95 | 10.63 | 2,040.6 | +3.4 | + 32.2 | + 30.9 |
| Brazil | 2.15 | 2.37 | 4.17 | 13.19 | 43,508.0 | +0.5 | + 30.0 | + 41.6 |
| Chile | 526 | 518 | 1,023 | 5.16 | 12,214.9 | +3.1 | + 32.7 | + 29.2 |
| Colombia | 2,254 | 2,287 | 4,384 | 6.52 | 11,159.0 | +6.1 | + 17.3 | + 19.0 |
| Mexico | 10.8 | 10.7 | 21.0 | 7.03 | 25,857.4 | +0.1 | + 45.2 | + 43.1 |
| Peru | 3.20 | 3.44 | 6.23 | 4.53 | 13,143.6 | +7.0 | +173.7 | +193.2 |
| Venezuela | 3,216§ | 2,692§ | 6,258 | 10.00 | 46,436.5 | +1.9 | +127.7 | + 83.1 |
| Egypt | 5.72 | 5.74 | 11.13 | 9.53 | 60,324.4 | +2.6 | + 9.0 | + 9.3 |
| Israel | 4.19 | 4.61 | 8.16 | 5.08 | 948.8 | +0.5 | + 14.6 | + 25.9 |
| Saudi Arabia | 3.75 | 3.75 | 7.30 | 5.01 | 8,247.6 | +5.7 | – 50.7 | – 50.7 |
| South Africa | 7.00 | 6.37 | 13.6 | 9.15 | 24,137.3 | +1.8 | + 33.4 | + 20.9 |
| Czech Republic | 21.2 | 24.1 | 41.3 | 2.56 | 1,626.1 | +0.3 | + 10.4 | + 28.1 |
| Hungary | 194 | 210 | 377 | 8.09 | 24,549.0 | +3.4 | + 18.1 | + 30.6 |
| Poland | 2.91 | 3.21 | 5.65 | 4.20 | 52,242.2 | +0.4 | + 46.7 | + 64.5 |
| Russia | 26.4 | 28.7 | 51.4 | 11.00 | 1,861.9‡ | +1.3 | + 52.1 | + 65.4 |
| Turkey | 1.43 | 1.35 | 2.78 | 19.65 | 39,832.5 | +0.9 | + 0.1 | – 5.3 |
| EM (MSCI)* | 1.00 | 1.00 | 1.95 | na | 895.3 | +1.5 | + 26.7 | + 26.7 |
| EMBI+† | 1.00 | 1.00 | 1.95 | na | 408.2 | +0.1 | + 10.7 | + 10.7 |

*Emerging Mkts. †JPMorgan Chase's Emerging Mkts Bond Index Plus. ‡In $ terms. §Trading market value.

Sources: National statistics offices, central banks and stock exchanges; Thomson Datastream; Reuters; WM/Reuters; Hong Kong Monetary Authority; Centre for Monitoring Indian Economy; Bank Leumi le-Israel; Standard Bank Group

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